

Bowling

bulletin



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The Department of State bulletin

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U. S. Dependence on Foreign Trade

Address by the President¹

We are today observing the anniversary of an event which ranks with the most important in our history.

The Louisiana Purchase effectively doubled the area of our young nation, brought this country unimagined wealth, and gave us strength and international influence beyond the dreams of our nation's founders just twenty-five years earlier.

We are observing the anniversary of an act which—though born of other nations' conflicts—involved the death of not a single American soldier. It was, for the United States, an act of peace. It was also an act of vision and of daring.

It was daring for a new-born nation—lacking all modern communications making for unity—to venture into a huge, unexplored area of unknown natural hazards and little-known inhabitants. It was daring for such a nation to accept so heavy a debt as this unique purchase imposed upon it.

It was daring for our two negotiators in Paris—Livingston and Monroe—to decide to accept Napoleon's surprising offer without fear of repudiation by their national leaders separated from them by the breadth of an ocean. It was daring for our President—Thomas Jefferson—to support their decision instantly and to face squarely the opposition not only of foreign powers but of political critics of great passion and small vision.

Louisiana Purchase Justified Beyond Measure

That daring—typically American—has been justified in rare measure. It has been justified to an extent which staggers the mind; to an extent which, mathematically, is almost incalculable.

What once was the Louisiana Territory today embraces 6 of our 48 states and large parts of 7 others. It was 900,000 square miles. It is bordered by a river almost unmatched in length and unsurpassed in majesty.

The bounty of this area has been even more

phenomenal than its size. Its total cost, after all other increments were added to the \$15,000,000, was \$23,000,000—the cost today of a single Navy cargo ship. For this outlay, what did America get?

Let me give you one interesting example:

One single state—of the 13 originally involved in the purchase—recently reported the value of one single crop in one single year.

The State was Iowa. The crop was corn. The value was over \$700,000,000. This sum is 30 times as much as was paid for the entire Louisiana Territory.

Only one other example shall I give you. It concerns this city of New Orleans, and specifically, one part of this city—the port of New Orleans. During the first 4 months of this year, there passed from the fields and cities of America, through the port of this city, exports valued at more than \$250,000,000. And this is a sum eleven times greater than the cost of the whole Territory.

Foreign Trade Vital to Our National Life

Now I find this last example singularly meaningful—not to New Orleans alone but to all America. For here we see dramatically highlighted one of the critical facts of our national life—our dependence on foreign trade.

We all know that New Orleans has always been a vital American port. As you well remember, it was closure of this port that sharpened our Nation's anxiety to buy from France the area around this city—to insure our frontiersmen this essential gateway to the open sea.

The passage of a century and a half has decisively underscored the need of that day. For today our whole economy turns and depends upon the commerce of the world through such ports as this.

Through such ports as this on the Gulf, on two oceans, on the Great Lakes, come almost all the tungsten used in our tool steel—almost all the

¹ Made at New Orleans on Oct. 17 and released to the press by the White House on the same date.

nickel, practically all the chromite used in stainless steel.

The tin used in canning our food, the columbite and the cobalt that are needed in the manufacture of high alloys, the manganese that goes into our American steel, the hemp for our ropes and hawsers—all these come, almost exclusively, from foreign markets.

This dependence of our industry is certain to increase as the tempo of our industry increases. It highlights the most compelling practical reason why we must have friends in the world. We know that nations of hostile intent would not trade with us except as it suited their own convenience. And this means that hostile rule of areas supplying us essential imports would place the American production line at the mercy of those who hope for its destruction.

But foreign trade means much more than the obtaining of vital raw materials from other nations. It means effectively strengthening our friends in the world at large—strengthening them not only to fortify their own economies—not only to be independent of direct financial aid from wealthier nations—but also to buy from us what we must sell to the world.

By making it possible for our friends to sell their products to us, we thus at once help them to be strong and enable them to earn the dollars by which they can, in turn, help our economy to be healthy and progressive.

Clearly, we need these friends abroad, just as they need us.

The Export Picture

Consider some of our agricultural products which demand foreign markets, many of those products coming from the land originally involved in the Louisiana Purchase and much of them flowing through this port.

In the crop year 1951-52:

¶Of all the barley produced in this year, more than 12 percent was paid for outside our borders.

¶Almost 50 percent of all our wheat was paid for in foreign markets.

¶Almost 60 percent of our entire rice crop was bought by other nations.

With nonagricultural products, the facts are much the same. Half a million of our refrigerators and home-type freezers, more than \$30,000,000 worth of our sulphur, more than \$250,000,000 worth of our machine tools and our agricultural machinery, more than a quarter of all the lubricating oil, and almost half of all our copper sulphate—all these were paid for in foreign countries.

Now these facts and figures affect every American no matter who he is—all who work on our farms, all who labor in our industries. They can

signify—for our whole economy—the difference between productive profit and paralyzing loss.

This is a partial measure of the material meaning of foreign trade to America.

And this dramatizes, with sharp clarity, the role that New Orleans has played in helping this country form and sustain the international friendships which we need and cherish.

Through such gateways as New Orleans, we have been able to trade with these friends on a fair and mutually profitable basis. We have been able to cooperate with them in projects developing their physical resources.

There has been for a century and a half a stream of visitors flowing in both directions—from other countries to this, and from this to other countries. Through the knowledge and mutual understanding gained and spread by these people, there have been built friendships based upon mutual respect, mutual liking, and mutual need. Such friendships are many.

But there must be more. They must be stronger. They must be deeper. I think that almost any American traveling abroad these days experiences occasionally a sense of shock when he recalls an opinion about Americans in general held abroad that seems to that American visitor to be so far from the truth.

He finds Americans considered immature diplomatically; impulsive, too proud of their strength, ready to fight, wanting war. He is shocked.

He is considered rude; even his deportment is not admired because of unfortunate incidents on the part of individuals.

These friendships of which I speak, my friends, are so vital to us that no American, no matter how exalted or how lowly may be his station, can afford to ignore them.

Every American Speaks for America

Each of us, whether bearing a commission from his Government or traveling by himself for pleasure or for business, is a representative of the United States of America and he must try to portray America as he believes it in his heart to be: a peace-loving nation living in the fear of God but in the fear of God only, and trying to be partners with our friends. And we accept for a friend anyone who genuinely holds out the hand of friendship to us as we do to them.

And now this great port must meet the challenge of coming decades. It offers foreign shippers 40 miles of riverfront. It is enhanced by a foreign trade zone. Its modern facilities are daily being enlarged and improved. It is manned by workers celebrated for their skill, their enthusiasm, and their vigor.

It is an inspiring symbol not only of the vastly prosperous area whose anniversary we are this year

celebrating but of the nation it has served for the past 150 years.

And with every item of commerce that comes in, with every one that goes out, let us strive to see that it is packaged in understanding and handled in friendship.

Here, in the port of New Orleans, we see reflected America's strength, her vitality, her confidence, her irrepressible desire for improvement, her magnificent ability to meet resourcefully the demands of changing times.

It has been thus in New Orleans, in the Louisiana Territory, throughout the United States, during the past century and a half.

With God's help, with our friends in the world, and with unity among ourselves, it will continue to be so throughout all the years that lie ahead.

Representative Government: An Expression of Faith

Remarks by the President¹

On behalf of the administration it is my very great pleasure, and my most pleasant duty, to welcome here the delegations from the member nations of the Interparliamentary Union, as well as all of their guests from other countries and representatives from the United Nations.

Believing as we do that there is no future for progress and civilization unless the conference table supplants the battleground as the arbiter of disputes, you can well understand the satisfaction of my associates, and of myself, that this meeting takes place in this Capitol of the United States of America.

Moreover, as we see it, there is a particular significance attaching to this particular kind of meeting. Most conferences are made up of appointed delegations representing the governments by which appointed, but only hopefully and often only occasionally representing the peoples of the nation that that government controls.

Representative government is an expression of faith that free people can govern themselves. Consequently, since public opinion in a free country is the power and the force that gives validity to every proposal, the nearer we can come to bringing together the public opinions of nations, rather

than merely their governmental representatives, the greater significance and the greater importance should apply to such a meeting.

Parliaments, first instituted among men long, long ago, are the symbol of public opinion. They are not only the symbol of that public opinion; they are the nearest approach we may make to bringing public opinion into one spot, crystallizing it and giving it expression—expression that we ourselves may understand and that others may understand. Consequently, when the actual members of such parliaments meet together, it is not only a renewed expression of faith that free men can govern themselves, but that they understand that this system of government must necessarily be one whole throughout the world where people practice it. It cannot be separate, distinct, in any one nation.

To put it another way, it seems quite clear that free government could not possibly exist in any one nation alone. If any country, no matter how powerful, were an island of representative or free or democratic government, surrounded by dictators, it would soon wither away and die. It would, itself, have to become a dictatorship.

Consequently, I repeat, the stronger we can make this union among nations that choose to govern themselves the more certainly will it exist in each of our nations, now and forevermore.

For one who has had the task of helping to promote understanding among allies as they approached a military campaign and the battlefield, I have often wondered why it is so difficult for nations to reach the kind of accord in peace that they are forced to reach in war.

Now, the cynic says it is because you use the word "forced," forced by a great fear to get together—in the words of an old sage of ours, "hang together or hang separately." I refuse to admit that men cannot operate—free men—cannot operate as effectively on a constructive basis as they can when their sole purpose is the negative one of saving themselves from destruction.

And so, to each individual gathered here, I express, first, my satisfaction that you are here. Secondly, my great faith that you can contribute something to this concept and this ideal of free government that is so dear to all of us. And thirdly, that in doing so you will have the satisfaction of knowing you are moving along the constructive road of progress, and not merely banding yourselves together to achieve only the defensive or negative concept of mere physical security. It is a great faith that must march forward. It cannot stand still.

¹ Made before the 42d conference of the Interparliamentary Union at Washington on Oct. 9 and released to the press by the White House on the same date.

The New International Sugar Agreement

by Paul E. Callanan

A new International Sugar Agreement was concluded at London on August 24, 1953. The successful Conference, called under the auspices of the United Nations, marked the end of a long series of discussions and negotiations which began exactly 5 years earlier. It was on August 24, 1948, that the International Sugar Council, administrative body of the sugar agreement of 1937, appointed a special committee to conduct a continuous review of the world sugar situation and to examine the need for a new agreement. The quota and stock provisions of the 1937 sugar agreement have been inoperative since the beginning of World War II.

Delegates from 38 countries and observers from 12 others gave representation at the London Conference to the principal sugar producing and consuming areas of the world, including the Soviet bloc. The U.S. delegation was headed by True D. Morse, Under Secretary of Agriculture. Alternate delegates were Lawrence Myers, Director of the Sugar Branch, Production and Marketing Administration, U.S. Department of Agriculture, and Winthrop G. Brown, Deputy to the Minister for Economic Affairs, American Embassy, London.¹

Sir Wilfred Eady of the United Kingdom was elected Chairman of the Conference, and his leadership contributed materially to its success. He was assisted by Baron Paul Kronacker of Belgium and J. M. Troncoso of the Dominican Republic, who were elected first and second vice chairmen, respectively. The agreement negotiated is for a 5-year period and will become effective January 1, 1954, if a sufficient number of Governments have ratified by that time.

Background

Sugar is an important item in world trade, and many countries are singularly dependent for their livelihood on the condition of the world's sugar market. The history of sugar is one of extreme economic nationalism, burdensome surpluses and

acute shortages, sharp price fluctuations, and marked shifts in the pattern of production and trade. These disruptive elements in the world's sugar commerce have persisted over a long period of years. In the main they have resulted from dislocations in supply caused by the impact of war and resultant efforts by many countries to produce a large part or all of their requirements with little regard to comparative advantages.

Efforts to regulate international marketings of sugar also have a long history, beginning with a four-power agreement in Western Europe as early as 1864. It is noteworthy that the sugar agreement of 1937 differed from other commodity control agreements of that period in that it gave full participation to importing countries and thus anticipated a principle which has since found general acceptance.

World War II radically altered the pattern of world sugar production and trade. To meet pressing needs of the United States and our Allies, Cuba's production was rapidly expanded each year from the prewar average of 3.2 million tons; demand continued large in the postwar period, and by 1952 a crop of 8 million tons was produced. In the Far East, however, the important sugar industries of Indonesia, Taiwan, and the Philippines suffered such extensive war damage that they have not yet returned to prewar levels. The European beet-sugar industries were also seriously damaged but recovered quickly; their output now exceeds prewar production. Increased production in other areas also helped overcome the deficit in the Far East, and by 1951 total world production of sugar was one-third higher than prewar.

Although consumption was increasing, it did not keep pace with increasing supplies, and a surplus situation threatened as early as 1949. In the summer of 1950 member countries of the International Sugar Council were engaged in drafting a new sugar agreement to meet the situation when the Korean outbreak temporarily removed all fears of a sugar depression. Characteristically, sugar prices doubled in the following year, but by the spring of 1953 prices had receded to their lowest levels since 1945.

¹ For a complete list of members of the U.S. delegation, see BULLETIN of July 20, 1953, p. 87.

Principal Features of the New Agreement

The new sugar agreement has three objectives: (1) to assure supplies of sugar to importing countries and markets for sugar to exporting countries at equitable and stable prices, (2) to increase the consumption of sugar throughout the world and (3) to maintain the purchasing power in world markets of countries largely dependent upon the production or export of sugar.

A basic export quota is assigned to each exporting country. This quota represents the country's proportionate share of the world's "free" market for sugar. At the beginning of each year, basic export quotas are adjusted pro rata so that in total they equal the estimated requirements of the world market during the year. The agreement declares that the price of sugar shall be considered equitable to both producers and consumers if the world price is maintained within a range of 3.25¢ to 4.35¢ per pound. To accomplish this the Sugar Council set up to administer the new agreement is given the authority to make further adjustments in export quotas on a pro rata basis whenever the world price of sugar moves outside the price range which the agreement seeks to maintain. To facilitate the stabilization of prices by removing the pressure of excess supplies, exporting countries are obligated to restrict production to the quantity needed to provide for local consumption, to fill their export quotas, and to maintain the maximum stocks permitted under the terms of the agreement.

Importing countries have but one principal obligation under the agreement. In return for the assurance of adequate supplies at fair and stable prices, they are obligated to restrict their purchases of sugar from nonparticipating exporting countries to the quantity which they purchased in a certain base period. This provision prevents nonparticipating exporting countries from gaining unlimited benefits from the agreement without bearing any of the obligations imposed on participating countries.

In its operative mechanism the new International Sugar Agreement is basically different from the recently extended International Wheat Agreement. The wheat agreement is a multilateral contract to buy or sell specified quantities of wheat at certain minimum and maximum prices. The sugar agreement contains no obligation on the part of importers to buy or exporters to sell at any price. It is noteworthy, however, that the new sugar agreement is much more flexible in its provisions than its predecessor, the sugar agreement of 1937. Rigidities in the quota structure have been eliminated, and the inclusion of a definite price goal is a marked improvement.

The Free Market

The world "free" market for sugar, which the agreement seeks to apportion among the exporting countries, represents all the export market

for sugar not filled through special trading arrangements recognized by the agreement. This market was estimated by the Statistical Committee at 4.5 million metric tons for the year ending August 31, 1953. As lifting of rationing in the United Kingdom was imminent, it was decided for the purpose of negotiation to consider the size of the free market in 1954 as somewhere around 5 million metric tons. The exporting countries present at the Conference originally requested quotas of about 7 million tons. Several weeks of discussions resulted in the original requests being scaled down considerably, and the basic quotas as finally adopted total under 5.4 million tons. The quotas for the individual countries are shown in the following table:

	Metric tons (in thousands)
Belgium	50
Brazil	175
China (Taiwan)	600
Colombia	5
Cuba	2,250
Czechoslovakia	275
Denmark	70
Dominican Republic	600
France	20
Germany, Eastern	150
Haiti	45
Hungary	40
Indonesia	250
Mexico	75
Netherlands	40*
Peru	280
Philippines	25
Poland	220
U.S.S.R.	200
Yugoslavia	20
	<hr/> 5,390

*The Netherlands has undertaken not to export over the years 1954, 1955, and 1956, taken as a whole, a greater amount of sugar than they import during the same period.

It is generally agreed that the needs of the free market will be substantially less than 5.4 million tons in 1954. The basic quotas will therefore need to be reduced sharply in the first year of the agreement. In the first place, it remains to be seen whether the United Kingdom will need the 500,000 tons allowed to meet the unrationed demand of its consumers. Secondly, much of the sugar needed to meet the increased demand has already been provided under a special purchase arrangement negotiated last summer with Cuba and involving over a million tons of sugar at concessional prices.

Imports Excluded From Free Market

As indicated earlier, the free market by definition does not include sugar moving under special trading arrangements recognized in the agreement. All sugar destined for consumption in the United States is therefore excluded. The United States imports about 3.5 million tons of sugar from foreign countries each year, principally from Cuba and the Philippines. These imports are sub-

ject to quota restrictions under our domestic legislation, which also regulates marketings of sugar from our mainland and insular areas, with the result that sugar prices in the United States are usually higher than sugar prices in the world market.

The bulk of the sugar requirements of the United Kingdom and the British Commonwealth are also excluded from the free market. Sugar produced in the British Commonwealth is afforded preferential tariff treatment and in large part assured an outlet at higher than market prices. The trade in sugar among the territories and nations of the British Commonwealth is governed by the provisions of the British Commonwealth Sugar Agreement of 1951. By assuring a market outlet, this arrangement represents an effort to reduce dollar expenditures for sugar by increasing the available supply in sterling areas.

The agreement, which runs through 1960, assigns quotas to each producing area of the Commonwealth and in total provides for an increase in exports to a level of 2,375,000 long tons. To accomplish this the United Kingdom agrees to buy 1,640,000 long tons at a price negotiated annually and related to the costs of production. For 1953 this negotiated price was 5.3 cents per pound. The residual amount, 735,000 tons, would be sold to the preferential markets of the Commonwealth at the world market price plus the prevailing tariff differential. The Commonwealth agreement has been successful in stimulating production, and it is anticipated that its overall goals will be reached in another year.

Sugar moving into the Soviet Union from Poland and Czechoslovakia is excluded from the free market, as are shipments of sugar within the French Union. Movements of sugar between Belgium, the Netherlands, France, and the Federal Republic of Germany are also excepted, at least up to a net amount of 175,000 tons of sugar a year. Thus somewhat less than half the sugar moving annually in international trade falls within the concept of the free market. It is the marketing of this nonpreferential sugar which the new International Sugar Agreement seeks to stabilize.

Safeguards To Protect Importers

The purpose of international commodity control agreements is to influence supplies and prices. The presence and adequacy of devices employed to protect consumers' interests are therefore of immediate concern to importing countries.

Several provisions in the International Sugar Agreement are designed for the protection of importers from the free market. The principal one is an obligation on the part of exporters to maintain certain inventories of sugar. Each export-

ing country agrees to hold stocks at least equal to 10 percent of its basic export quota, at a fixed date each year immediately preceding the beginning of its new harvest. Since stocks are normally at their low point at that time of year, this provision assures that they will be in excess of 10 percent during the remainder of the year.

These minimum stocks are earmarked to fill increased requirements of the free market and may be used for this purpose only when the export quotas in effect are larger than the basic export quotas. The Sugar Council may increase the minimum stocks required to 15 percent should it determine that conditions warrant the higher level. Exporting countries are allowed to carry stocks up to 20 percent of their annual production. This permissive feature would seem to allow an additional factor of protection for importers. Exporters can be expected to carry more than a minimum level of stocks in order to have sugar available for sale should the needs of the market increase.

Because the world's sugar market is sometimes faced with abnormal demands arising from emergency situations, another provision of the agreement undertakes to assure a priority to participating importing countries when such situations arise. If the Sugar Council determines that, notwithstanding other provisions of the agreement, the state of demand is such that importers are threatened with difficulties in meeting their requirements, the Council must design and recommend measures to give effective priority to those requirements. Exporting countries are then obligated to give priority, on equal terms of sale, to participating importing countries.

Two other provisions of the agreement operate jointly as an additional assurance that world supplies of sugar will not be reduced below reasonably safe margins in order to increase the market price. Actual export quotas may not be reduced more than 20 percent below basic export quotas. To prevent undue hardship, the quotas of small exporting countries may be reduced by only 10 percent. Even if reductions of this magnitude are insufficient to maintain prices within the desired range, it is unlikely that many exporting countries would be willing to accept more drastic cuts in view of the adverse effects on their economies. This would be particularly true if the prices of other commodities were falling. To permit continued operation of the agreement, resort may be had to another provision, which empowers the Sugar Council to modify the price range at any time. This flexibility assures that if market conditions render the maintenance of the chosen price range unworkable without intolerable restrictions on production, then the price range can be lowered and suspension of the agreement avoided.

In a situation where commodity prices in general were rising rapidly, the ability of the Sugar

Council to increase the price range could also be important to consumers. Keeping the world price of sugar in some reasonable relationship with other commodity prices would mean that productive forces would not be diverted away from sugar toward other commodities with resultant lower production and decreasing supplies.

The voting provisions also assure that importing countries will have an important voice in the Sugar Council. Half of the votes are distributed among the importing members and half among the exporting members, and, although voting provisions differ on some matters, importing countries have an equal voting power on all decisions taken by the Council in the interpretation and operation of the agreement.

The Sugar Council

An International Sugar Council consisting of one member from each of the participating countries is established to administer the new agreement. A chairman and a vice chairman will be selected each year, and these offices will be held in alternate years by representatives from importing and exporting countries. The Council will, however, have an executive director as its senior officer, to give full-time administrative direction to the work of the Council, its executive committee, and the secretariat. The agreement provides that the Council shall establish an executive committee of 10 members divided equally between the importing and the exporting countries and that this committee shall exercise such functions as are delegated to it by the Council. It is anticipated that the executive director, working with the executive committee, will thus conduct the day-to-day affairs of the Council in the administration of the agreement.

The total of 2,000 votes assigned to the participants is divided equally between the importing and the exporting countries. In general the votes assigned to the individual importing countries are related to their average imports. In the case of the United Kingdom and the United States, by far the largest importers, an allocation of votes in strict proportion to their imports of sugar from foreign countries would have resulted in their having an overwhelming majority. Accordingly their votes were scaled down to 245 each, which, taken together, are less than a majority of the importer votes. On the exporting side votes were allocated in relation to average production over the past 2 years and to the basic export quotas negotiated under the agreement. As Cuba is by far the world's largest producer and exporter of sugar and would thus have a preponderance of the exporter votes on a strict formula basis, Cuba's votes were also reduced to 245.

Decisions of the Council in most matters will be by a majority of the votes cast by the importing countries and a majority of the votes cast by the exporting countries. In a few instances a special vote is required, and in such cases a decision must be approved by at least two-thirds of the total votes cast, which shall include a concurrent majority of both sides. A special provision requires that, in both regular and special voting, a decision taken by a majority of the importing countries must include votes cast by not less than one-third in number of the importing countries present and voting. This increases the voting power of the smaller importing countries, whose votes, taken together, are only slightly larger than the total votes of the United Kingdom and the United States.

The sugar agreement is open for signature until October 31, 1953. The quota provisions of the agreement will come into force on January 1, 1954, if by December 15, 1953, ratifications have been obtained from governments holding 60 percent of the votes of importing countries and 75 percent of the votes of exporting countries. Provision is made that, if the required number of governments have not ratified the agreement by a certain time, the remaining governments may decide to put the agreement into effect among themselves.

The Outlook

On the assumption that the required number of countries would sign and ratify the agreement, an interim committee of 10 countries has been appointed to draft rules of procedure and undertake preparatory work.

The International Sugar Council set up to operate the new agreement will hold its organization meeting on December 16, 1953. The most important agenda item will be the consideration and approval of an estimate of the quantity of sugar needed in 1954 to meet the needs of the free market. This estimate will be the base for a pro rata adjustment of the basic export quotas negotiated under the agreement.

World market prices have been declining steadily during the past year. From a high of 3.75¢ in mid-May of 1953 they declined to 3.15¢ in early October, which is lower than the minimum price the agreement seeks to maintain. Excellent sugar beet crops are in prospect in both Eastern and Western Europe this fall, and the new International Sugar Agreement will be put to a severe test to stabilize prices during its first year of operation. It is likely that export quotas will have to be considerably reduced at the outset to accomplish this.

Whatever the outcome, the fact that it was possible to secure agreement on measures to regulate trade in a commodity whose marketing has long presented troublesome problems is another bench

mark in the history of international cooperation in economic affairs.

• *Mr. Callanan, author of the above article, is an international economist on the Agricultural Products Staff, Office of International Materials Policy. He was the Department of State adviser on the U. S. delegation to the World Sugar Conference.*

Foreign Ministers Examine Common Problems

Text of Communiqué

The Foreign Ministers of the United Kingdom, France, and the United States have completed another of their periodic meetings to examine the current situation and common problems. The present discussions, arranged to follow Mr. Eden's return, were held at the Foreign Office October 16, 17 and 18.

The three Ministers approved the reply to the Soviet Union concerning discussions on Germany and Austria. In their notes the three Governments have renewed their invitation to the Soviet Union to attend an early meeting of the Foreign Ministers.

They hope that the Soviet Union will decide to accept. They believe that such a meeting would be an invaluable step toward a reduction of international tension and a solution of major European problems.

The Ministers examined the problem of Trieste. They agreed to persevere in their joint efforts to bring about a lasting settlement in that area.

The Foreign Ministers noted with grave concern the recent incidents culminating in Israeli armed action of October 14 in Qibya, which, according to their information, resulted in serious loss of life and property inside Jordan.

They recalled the tripartite declaration of May 25, 1950,¹ affirming the determination of their Governments immediately to take action, within and outside the United Nations, to prevent any violation of frontiers or armistice lines.

They have therefore jointly requested an urgent meeting of the Security Council to consider the tension between Israel and the neighboring Arab States, with particular reference to recent acts of violence and to compliance with and enforcement of the general armistice agreements.

They reviewed the situation in the Far East. In their strong determination to uphold and consolidate the truce in Korea, the three Governments will continue to cooperate in carrying out the armistice agreement and to work for the early

convening of a political conference, as provided in the agreement, in order to achieve a peaceful settlement of the Korean question. Mr. Dulles informed his colleagues of the efforts which the United States Government is making to arrange a meeting of emissaries of each side.

The French Foreign Minister gave an account of the military results obtained thus far in Indo-China, as well as the progress made in negotiations with the Associated States in order to carry out the French declaration of July 3. The three Ministers agreed that the successful conclusion of this war will be an essential step toward the re-establishment of peace in Asia begun by the armistice in Korea.

Mr. Eden Extends Invitation

Press release 562 dated October 13

Following his resumption of duties as Foreign Secretary, Anthony Eden extended to Secretary Dulles and to Georges Bidault, Foreign Minister of France, an invitation to meet with him at London about October 15 to discuss problems of common interest. This invitation has been accepted and it has now been agreed among the three Ministers that the talks will commence on October 16 and last about 2 days.

This meeting is in keeping with the practice of the three Ministers to consult together at frequent intervals in one of the three capitals. The last such meeting was in Washington in July when Lord Salisbury participated on behalf of the Government of the United Kingdom.²

Conference Objectives

Statement by the Secretary³

Press release 569 dated October 14

I am leaving tonight for London to consult with the Foreign Ministers of Great Britain and France.

Our discussions will be directed to no one single problem, but to a series of problems that affect existing international tensions.

The British and French Governments and peoples are our allies. We are fortunate to have such staunch, proven friends. Our conversations at London will have an undeviating objective. That objective is to seek out, with all our allies, the basis for a lasting peace.

I shall bear with me the best wishes of President Eisenhower for his friend and mine, Prime Minister Churchill, on the resumption in renewed

¹ For text of the final communiqué on this meeting, see BULLETIN of July 27, 1953, p. 104.

² Made at the Washington National Airport on Oct. 14.

³ BULLETIN of June 5, 1950, p. 886.

health and vigor of his grave official responsibilities. It will be a further pleasure to find Mr. Eden again at his desk in the Foreign Office after his severe illness.

We cannot, of course, expect in a single meeting at London to devise solutions for all existing prob-

lems. We can hope to make some progress in finding the way whereby we and others can move in unison toward the easing of existing tensions.

The path toward peace is a broad path, open to all who wish to join in efforts to protect mankind from the dark consequences of another war.

U. S. Reiterates Willingness To Discuss International Questions at Four Power Meeting

U.S. NOTE OF OCTOBER 18

Press release 571 dated October 18

Following is the text of a note approved by the Foreign Ministers of the United States, the United Kingdom, and France, meeting at London, which Ambassador Charles E. Bohlen, on behalf of the United States, delivered to the Soviet Foreign Ministry on October 18. His British and French colleagues delivered identic notes on behalf of their respective governments.

1. The United States Government in its customary close consultation with the Governments of the United Kingdom and France, has carefully studied the Soviet Government's reply of September 28 to the proposals of the three Western powers for a four-power meeting at Lugano on October 15. The Government of the German Federal Republic and the German authorities in Berlin have also been consulted.

2. A satisfactory settlement of the problems relating to Germany and Austria is clearly essential for any real and lasting relaxation of international tension and is vital to the future of the people of those countries. The United States Government, recalling its earlier notes of July 15¹ and September 2,² is firmly of the opinion that real progress towards a solution of major international questions, including the problem of European security, can be made by frank discussions on Germany and Austria at a meeting of the Foreign Ministers of the U.S., U.S.S.R., U.K. and France and not by embarking upon a further exchange of notes. The U.S. Government trusts that the Soviet note reflects a willingness promptly to discuss these subjects.

3. Such a meeting will enable the Soviet Government to state its views on any aspect of the German and Austrian questions which it may wish

to present. For its part, the U.S. Government welcomes the opportunity to put forward its views concerning questions dealt with in its previous notes.

4. As regards the Soviet proposal that the Austrian question be discussed in the ordinary diplomatic way, it is the view of the U.S. Government that diplomatic channels are always available and this government will continue to give its most careful consideration to any Soviet proposal regarding the treaty which may be thus submitted. However, as no progress has been made through such channels during the past few years, the United States Government is of the opinion that discussion by the four Foreign Ministers themselves represents the most practicable way to end the present stalemate and reach agreement on a treaty.

5. A solution of the German and Austrian questions is long overdue. The Foreign Ministers of the United States, United Kingdom and France, conscious of the special responsibilities which their governments together with the Soviet Government share in regard to Germany and Austria, therefore, desire to consider these questions together with the Soviet Foreign Minister as soon as possible. Since the date of October 15 originally suggested has now passed, the United States Government proposes that the Foreign Ministers should meet at Lugano on November 9. They sincerely hope that the Soviet Government will agree to participate.

6. The Soviet note also proposes an additional five power conference to consider measures to lessen tension in international relations. The United States Government is always ready and willing to discuss the underlying causes of such tension with a view to their removal. But it wishes to do so under conditions which offer reasonable prospects for positive results and assure that the views of the directly interested governments are properly represented. Accordingly,

¹ BULLETIN of July 27, 1953, p. 107.

² *Ibid.*, Sept. 14, 1953, p. 351.

the United States Government has already agreed to the political conference on Korea in the form proposed by the Communist side in the Korean armistice negotiations and recommended in the armistice agreement and by the United Nations General Assembly. It has been proposed that discussions shall take place at Panmunjom on arrangements for the conference. All the five governments mentioned in the Soviet note could be represented at this conference which it is hoped will meet at an early date. Its object is precisely to remove one of the major sources of tension in the Far East, thus opening the way for an early peaceful settlement of other international problems now existing in this part of the world. Other matters mentioned in the Soviet note, such as the disarmament question, are under either current or projected discussion in the United Nations General Assembly. Indeed, several of the subjects mentioned in the Soviet note were recently inscribed on the agenda of the current General Assembly at the request of the Soviet Union. In addition, the United States Government remains ready to discuss through ordinary diplomatic channels any points which any government may wish to raise.

7. Thus, on these various questions, the way is open for progress. If in addition a fruitful discussion can now take place at Lugano, the way would be paved for discussion of other major questions and for restoring the necessary conditions for peaceful and friendly relations among nations.

SOVIET NOTE OF SEPTEMBER 28

[Unofficial translation]

The Soviet Government confirms receipt of the note of the Government of the United States of America of September 2 answering the notes of the Soviet Government of August 4 and August 15.¹ Familiarity with the note of September 2 shows that in the note of the United States Government the questions raised by the Soviet Government, consideration of which would assist in the regulation of international problems which have come to a head and in strengthening of peace and international security, have been passed over.

In its note of August 4, the Soviet Government proposed consideration of the question of measures assisting the general lessening of tension in the international situation and also the German question, including the problem of re-establishment of unity of Germany and the conclusion of a peace treaty. In addition to this, in the note of August 15 the Soviet Government outlined the basic problems connected with the essential tasks of solving the German problem.

Advancing these proposals, the Soviet Government had and has as its aim the achievement of agreements which would answer the aspirations of peoples toward the stabilization of peace and would assist in the solution of the German problem in accordance with the interests of peace-loving peoples of Europe as well as of the German people itself. The questions raised in the notes of the Soviet Government under reference have by the present time acquired still greater significance.

First of all, concerning the lessening of international tension, the importance of which is not disputed in the note of the United States Government of September 2.

The Soviet Government has noted the fact that the achievement of an armistice in Korea has created a favorable situation in which to achieve the lessening of tension in the international situation. However, recently there have been created new difficulties in the solution of the Korean problem. The very calling of a political conference on the Korean problem is meeting with serious difficulties inasmuch as in defining the composition of the political conference at the Seventh Session of the General Assembly as a result of all kinds of measures on the part of the United States of America there was demonstrated an impermissible one-sidedness and gross underestimation of the importance of actions in agreement with such directly interested countries as the Chinese Peoples Republic and the Korean Peoples Democratic Republic. Moreover the success of a political conference in many ways depends on the joint efforts of both interested sides and the participation of other governments which cooperated in the achievement of an armistice and which are striving for a definitive regulation of the Korean problem. Also, the aggressiveness of the South Korean Syngman Rhee clique, which ceaselessly repeats threats to break the armistice, draws attention to itself.

In relation to the Asian countries one must not overlook other political problems having particular significance for the national interests of these states and for the stabilization of peace which have come to a head. In this connection first of all one must point to the necessity of reestablishing the legal rights of the Chinese Peoples Republic, according to which the reestablishment of its inalienable rights in the United Nations Organization must be secured, the achievement of which at the present time the opposition of only certain states is hindering. The unpostponed regulation of such a problem is necessary in the interests of lessening international tension. The same is true of a number of other important problems relating to the situation in the countries of Southeast Asia and the Pacific Ocean. In the regulation of such problems as well as to achieve a general lessening of tension in the international relations continual participation of the Chinese Peoples Republic is necessary. As is well known, in laying the very foundations of the United Nations Organization the place of China in the solution of Pacific problems of peace and security and peoples was defined in this very fashion.

As regards Europe, recent political events in West Germany have increased the alarm in peace-loving states. In West Germany, especially in view of pressure on the part of foreign circles which base themselves on the big German monopolies, the influence of revanchist elements is becoming stronger and these elements have again started to talk in the language of the aggressive *Drang nach Osten* policy which has already brought not only other peoples but also the German people itself innumerable misfortunes. Although the failure of this policy is inevitable, the peace-loving states of Europe and in particular the neighbors of West Germany cannot overlook these negative facts of political development in Western Germany, since in the center of Europe more and more former Hitlerites are raising their heads and the threat of creating a new dangerous nidus of aggression is growing. In its note on August 4, the Soviet Government, taking into account the danger of the aggressive policy carried on by the North Atlantic bloc, emphasized the importance of the question of limiting armaments and not permitting military bases on the territory of other states.

To pass over consideration of this question would mean to ignore a matter which has the most important significance for lessening international tension. Specifically the continuing arms race, especially in connection with the accumulation of atomic, hydrogen, and other weapons of mass destruction of people, demands that there should be no postponement in considering the question of limiting armaments and outlawing atomic, hydrogen, and other

¹ For texts of the Soviet notes, see *ibid.*, pp. 352, 354.

weapons of mass destruction with the establishment of effective international control over the execution of the appropriate agreements concerned. Nor may one deny that the creation by certain powers in the countries of Europe, Africa, and Asia of air and sea bases, especially numerous near the borders of the USSR and countries of the peoples democracies, has aggressive aims. Refusal to consider the question of military bases on the territory of other states naturally may be considered as evidencing unwillingness to cooperate in the lessening of international tension and is capable of undermining the faith in all statements regarding the aspirations of regulating ripe international problems.

Inasmuch as both the Soviet Government and the Government of the United States have repeatedly spoken of their aspirations to lessen international tension, one cannot overlook the fact that propaganda for a new war and calls for new acts of aggression have not ceased and that governments of certain states have openly undertaken acts of diversion, threat and sabotage in the countries of the democratic camp. Not only is the well known resolution of the General Assembly condemning war propaganda frequently unobserved, but also the official circles of certain states praising a "policy of force" are encouraging strengthening of the "cold war", etc. It is entirely evident that to achieve a lessening tension in international relations it is necessary to undertake measures which would effectively rebuff the continuing propaganda of a new war and all attempts on the part of aggressive circles to undermine the faith of peoples in safeguarding and strengthening peace and international security.

From what has been said, it follows that important problems of international significance have come to a head which demand unpostponed joint consideration of the USA, France, Great Britain, Chinese Peoples Republic, and the Soviet Union, inasmuch as in accordance with the Charter of the UN responsibility for safeguarding peace and international security lies above all with these countries.

Accordingly, the Soviet Government in its note of August 4 proposed to consider at a conference of Foreign Ministers questions concerning measures for lessening tension in international relations. The significance of consideration of such important international questions is completely self-evident. Nonetheless, in the U.S. note of September 2, the necessity of relaxation of tension in the international situation is grossly underestimated, since in the answer of the U.S. Government, the above-mentioned important international problems which have come to a head were passed over.

In the notes of August 4 and 15, the Soviet Government also proposed full consideration of the German problem at a conference of Foreign Ministers. At the same time, the Soviet Government proposed consideration of the following questions:

- (1) Calling a peace conference to consider the question of a peace treaty with Germany;
- (2) Creation of a provisional all-German Government and holding free and all-German elections;
- (3) Relieving the financial and economic obligations of Germany connected with the consequences of war.

Out of all of these questions in the United States Government's note of September 2 only the question of all-German elections is touched on and all other questions having outstanding significance for a solution of the German problem are ignored. Such a position is all the more untenable since all-German elections are exclusively the internal affair of the Germans and must be decided by the German people itself without allowing interference on the part of foreign powers.

On the other hand the note of September 2 overlooks vital problems relating to Germany, solution of which under present conditions is impossible without active participation and cooperation of the four occupying powers: USA, France, England and the USSR.

The Soviet Government has twice sent to the United States Government, as well as to the Governments of England and France, its draft peace treaty with Germany and proposed this draft be considered and that it (the United States Government) present its draft peace treaty for consideration. One year and one-half has gone by without the United States Government having expressed its opinion regarding the Soviet draft peace treaty and without having presented its own draft.

In the note of August 15 this year, the Soviet Government proposed calling a peace conference within 6 months in which all interested states would participate and in which the necessary German representation at all stages of preparing a peace treaty and peace conference would be assured. The United States note in reply overlooked the question of calling a peace conference, although one cannot argue with the significance of such a conference.

According to the Soviet Government's proposal, the formation of a provisional all-German democratic government was to have assisted in the unification of Germany on peaceful and democratic principles. This government could either have replaced the existing governments in East and West Germany in advance of holding all-German free elections or it could have temporarily taken on itself certain all-German functions and, above all, the preparation and holding of all-German free elections, while the presently existing governments in East and West Germany were maintained. The Government of the USA did not agree with this proposal of the Soviet Government. This attitude toward the above-mentioned proposal of the Soviet Government excludes practical and possible measures directed toward re-establishing the unity of Germany, inasmuch as no all-German organ is being formed which could carry out the will of the German people in the preparation of all-German elections. From this, moreover, it follows that there is an intent actually to transmit the holding of all-German elections to the occupation powers, and this makes possible impermissible pressure on the part of foreign authorities on the whole course of preparing and holding the elections.

In its note of September 2, the Government of the United States gave up, finally, the creation of the so-called "neutral commission" composed of representatives of foreign powers "to investigate with the aim of creating conditions" for carrying out all-German elections and which, as is well known, it had not given up in its note of July 15, of this year, and on which it had previously insisted over the course of many months. But in this case, objections to the Soviet proposition that the holding of elections be given over to the Germans of East and West Germany themselves, without any kind of interference and pressure on the part of foreign powers, should have disappeared.

In its note of August 15 of this year, the Soviet Government in addition proposed to the Governments of the USA, France and England to decide to lessen the financial and economic obligations of Germany connected with the consequences of the war, namely:

- From January 1, 1954 to free Germany from payment of reparations and post-war state debts to the four powers;
- To limit the extent of occupation costs to sums not exceeding 5 per cent of the incomes of the state budgets of East and West Germany;

To free Germany fully from the repayment of indebtedness connected with the external occupation costs of the four powers which had come about since 1945.

All these questions relating to relieving the financial and economic obligations of Germany connected with the consequence of the war were passed over in the United States Government note of September 2. Moreover, acceptance of the proposals of the Soviet Government would have now resulted in significant economical relief to the German people and would have assisted in raising the level of the Germany economy, which naturally is what the population of Germany expects, inasmuch as more than 8 years have passed since the end of the war. The

Soviet Government continues to consider it necessary for the Government of the United States and equally for the Governments of England and France to state definitely their attitude toward the Soviet Government's proposals under reference. The necessity for an unpostponed solution to the vital questions under reference relating to Germany is dictated by the fact that recently there have been undertaken more and more new measures of anti-democratic external influencing intended to achieve the ratification by the parliaments of the governments concerned of both the Bonn and Paris Agreements, as a result of which it is intended to accomplish the militarization of Western Germany and to make it into an obedient weapon of the aggressive North Atlantic bloc. All this has been going on despite the fact that the ratification and execution of these agreements would turn Western Germany into a nidus of new aggression with all the dangerous consequences ensuing therefrom for the German people and for the cause of maintaining peace in Europe and would make impossible the uniting of Western and Eastern Germany into a single state.

In view of this situation, the Soviet Government, while agreeing to the proposal of the Government of the United States of America to consider the question of all-German elections, considers that in addition it is necessary that at the conference of the Foreign Ministers the consideration of the German problem not be limited only to this question. It is necessary to agree that consideration of the German problem at the coming conference should include all basic questions mentioned above and, in addition, that representatives of both Western and Eastern Germany should take part in this discussion.

In accordance with the above, the Soviet Government proposes that a conference of the Foreign Ministers be called proceeding from the following:

(1) To consider at a conference composed of Ministers of Foreign Affairs of the United States, United Kingdom, France, Chinese Peoples Republic and the Soviet Union measures to lessen tension in international relations.

(2) To discuss at a conference composed of the Foreign Ministers of the United States, France, the United Kingdom, and the Soviet Union the German problem, including all proposals introduced in the course of preparing the conference.

The Soviet Government has not yet received from the United States Government an answer to its note of August 28 concerning the Austrian treaty and expresses its readiness to continue discussions of this question in normal diplomatic channels.

The Soviet Government is sending similar notes to the Governments of France and the United Kingdom.

Madame Pandit Calls on President and Secretary Dulles

White House press release dated October 12

Madame [Vijaya Lakshmi] Pandit called upon the President and the Secretary of State in her capacity of President of the U.N. General Assembly. Among other things she explained the tasks still before the General Assembly in relation to peace in Korea and the performance of the Armistice Agreement relative to prisoners of war.

The President expressed his great appreciation of the fact that the Government of India had been willing, in the interest of peace, to assume the difficult role of chairman of the Neutral Nations Commission, a role inherently subject to criticism from both sides. The President and the Secretary

of State told Madame Pandit that they would do everything possible to facilitate the work of the U.N. Command and the Neutral Nations Commission. The President particularly mentioned the reports he had received of the exemplary conduct of the Indian troops in the discharge of their duties as custodians of the prisoners of war who have elected not to be repatriated.

The President reaffirmed his faith in the United Nations and his determination that the United States should cooperate fully with it in all matters conducive to peace and justice in the world.

U.S. Representative To Meet With Communists at Panmunjom

Following is the text of a message which the United States Government has requested the Government of Sweden to transmit to the Chinese and North Korean Communists, together with a communication to the United States transmitted through the Swedish Government by the Communists:

U.S. Message to Communists

Press release 560 dated October 12

The Government of the United States has noted the communication of the Central People's Government of the People's Republic of China and the Democratic People's Republic of Korea dated October 10, 1953, having reference to the communications of the United States Government of September 19,¹ 24,² and October 9.³ The United States Government notes that your side has agreed to appoint representatives to meet with the United States representative to hold discussions on the question of the forthcoming political conference on Korea.

The United States representative will be prepared to meet with your representatives at Panmunjom on October 26. It should be understood that our agreement as to this site for the meeting of the emissaries is not to be considered as any indication that our side considers Panmunjom as a suitable site for the political conference.

Paragraph 60 of the armistice agreement, which contemplated that the political conference should be restricted to the governments concerned on both sides, was drafted initially by your side. Indeed your spokesman General Nam Il insisted that participation be limited to the governments concerned on both sides since some members of the U.N. had not sent troops to Korea. It is not correct, therefore, to say that your side held all along that neutral nations should participate in the conference.

¹ BULLETIN of Sept. 28, 1953, p. 422.

² *Ibid.*, Oct. 12, 1953, p. 486.

³ *Ibid.*, Oct. 19, 1953, p. 526.

The composition of our side has been set forth in the resolution adopted by the General Assembly on August 28 in accordance with article 60 of the armistice agreement signed on July 27. The General Assembly also recommended that the Soviet Union could be included provided your side desires it.

The United States, after consultation with the other governments participating on our side, has authorized its representative to agree on a time and place for a conference and to exchange views looking toward early agreement on procedural, administrative, and related questions as to arrangements which it might be appropriate to discuss before the conference begins. Our representative therefore will be prepared to deal with such questions and will also be prepared to exchange views on composition of the political conference to the extent consistent with the basis above set forth in the preceding paragraphs.

Communist Message of October 10

[Unofficial text]

The Central People's Government of the People's Republic of China has noted and has, together with the Government of the Democratic People's Republic of Korea, made a study of the three communications of the United States Government transmitted through the Swedish Government on September 19 and 24 and October 9, respectively. I am now authorized to state, on behalf of the Central People's Government of the People's Republic of China as follows:

1. On September 13 and 14 respectively, 1953, the Central People's Government of the People's Republic of China and the Government of the Democratic People's Republic of Korea put forward, in their cables in reply to Mr. Dag Hammarskjold, Secretary-General of the United Nations, four proposals which provide that the Eighth Session of the United Nations General Assembly should take speediest steps to enlarge the composition of the political conference, so that this conference might be convened speedily. These proposals have officially been communicated to the Eighth Session of the United Nations General Assembly by the Secretary-General of the United Nations. Mr. Andrei Vyshinsky, head of the delegation of the Soviet Union to the United Nations, by letter dated September 18 addressed to the President of the Eighth Session of the United Nations General Assembly, asked to have the above-mentioned proposals of the Government of the People's Republic of China and the Democratic People's Republic of Korea included in the agenda. However, the Eighth Session of the United Nations General Assembly has refused to include them in its agenda. The Central People's Government considers this to be an indication that the United Nations General Assembly goes against

the principle of peaceful negotiation of international disputes, which is unreasonable, and it expresses deep regret at it.

2. The Central People's Government of the People's Republic of China holds all along that the political conference should not be a repetition of the form of Panmunjom negotiations, but should have the participation of neutral nations concerned so as to facilitate the smooth proceeding of the conference and thereby to seek a settlement of the withdrawal of all foreign forces, the peaceful settlement of the Korean question and other questions. However, the United Nations General Assembly has spurned the purposes and principles of the United Nations Charter by assuming the position of one of the belligerent sides in Korea, and, bowing to the views of the minority who oppose the participation of India in the political conference, has deprived the greatest majority of members of the United Nations of the right to settle international disputes by peaceful means in accordance with the Charter. The Central People's Government deems that such actions taken by the United Nations General Assembly cause the United Nations to lose more of its prestige which is nearly completely forfeited and that they enable people to see more clearly that the United Nations is continuing to serve the interests of the aggressors in creating international tension.

3. Nevertheless, for the purpose of insisting on the policy of peaceful settlement of the Korean question to facilitate the consolidation of peace in Asia, the world, and of expediting the speedy convocation of the political conference, the Central People's Government of the People's Republic of China, after consultations with the Government of the Democratic People's Republic of Korea, agrees that the Governments of the Democratic People's Republic of Korea and the People's Republic of China will appoint representatives to meet with the United States representative to hold discussions on the questions of the political conference.

4. These discussions not only should settle the questions of place and time of the political conference, but what is more essential, should settle the question of composition of the political conference.

5. Since these discussions are confined to the two belligerent sides in Korea, it is appropriate that the place of the discussions be Panmunjom, Korea.

Treatment of U.S. Citizens in Communist China

Press release 554 dated October 9

The Department of State is very seriously concerned over the continued imprisonment, detention and maltreatment of American citizens in Communist China. There are now 33 Americans

in Chinese Communist jails, some of whom have been imprisoned for 2 years. The Chinese Communist regime has not published the charges on which most of these Americans are being held. The Chinese Communists have not answered the numerous protests and notes which the British representatives in Peiping have presented on our behalf.

In the case of the 3 Americans seized on the yacht *Kert* last March 21, the Chinese Communists have released no information, despite the appeal made by the British representative at Peiping on March 28, 1953.

We have also asked the Soviet Union to assist on several occasions. The first request was made by our Embassy at Moscow in September 1951. On March 25 of this year Ambassador Lodge asked the Soviet delegate during debate at the United Nations¹ if the Soviet Union could furnish any information about the Americans, including Donald Dixon and Richard Applegate. Our Embassy in Moscow also has made several approaches to the Soviet Foreign Office this year.

The Department will not overlook any possibility of obtaining the release of all the Americans unjustly imprisoned by the Chinese Communists or denied the right to leave Communist China.

Viet-Nam To Intensify Struggle Against Communist Aggression

Press release 546 dated October 7

The Department of State on October 7 received the following note from the Embassy of Viet-Nam:

The Embassy of Viet Nam wishes to express to the Government of the United States the gratitude and deep satisfaction of the Vietnamese Government over the successful conclusion of the French-American negotiations leading to a supplementary aid of as much as \$385 million for the intensification of the operations against the Communist Viet Minh.²

The announcement of this new aid is one of a series of events which promise a bright future for Viet Nam. At this moment His Majesty Bao Dai is in France preparing the groundwork for negotiations which will lead to a new formula of French-Vietnamese cooperation, based on complete independence for Viet Nam and her free ad-

¹ BULLETIN of Apr. 13, 1953, p. 546.

² BULLETIN of Oct. 12, 1953, p. 486.

herence to the French Union. Prime Minister Nguyen Van Tam, in the name of His Majesty Bao Dai, is preparing a national consultation of all Vietnamese political and religious groups prior to the negotiations.

The Government of Viet Nam sees in this increased aid by the United States, and in the declaration by France of her intent to give all possible assistance to the Associated States' plan for augmentation of their national forces, the certainty of an acceleration in the formation of the 135 new battalions of the Vietnamese National Army. The result will be a greater and more effective participation by the Vietnamese in the defense of their country, side by side with the troops of the French Union, against Communist imperialism.

The Government of Viet Nam has the firm conviction that the Vietnamese Army, thanks to the continuing efforts of France and the generous assistance of the United States, will fully justify the confidence placed in it by these two countries and all its allies for the defense of one of the most important and critical sectors of the free world.

Viet Nam believes that this recent decision is a tangible proof that the United States, faithful to its democratic ideals and its ardent desire for peace, is determined to assist Viet Nam to conclude rapidly and gloriously a struggle which was imposed on it by Communist aggression, and to preserve its independence.

Attack by Israeli Forces

Press release 572 dated October 18

The U.S. Government has the deepest sympathy for the families of those who lost their lives in and near Qibya during the recent attack by Israeli forces. The shocking reports which have reached the Department of State of the loss of lives and property involved in this incident convince us that those who are responsible should be brought to account and that effective measures should be taken to prevent such incidents in the future.

The U.S. Government has been increasingly concerned at the mounting tension along the frontier between Israel and the neighboring Arab States. It is for this reason that it initiated the recommendation and subsequently, in concert with the British and French Governments, decided to request the Security Council to consider, at the earliest possible date, the situation on the frontiers, to include a direct report by Gen. Vagn Bennike, Chief of Staff of the United Nations Truce Supervision Organization.

Eric Johnston Leaves on Mission to Near East

Statement by the President

White House press release dated October 16

The Government of the United States believes that the interests of world peace call for every possible effort to create conditions of greater calm and stability in the Near East.

The administration has continuously undertaken to relieve tensions in this sensitive and important area of the free world.

Last spring, the Secretary of State, John Foster Dulles, made a first-hand survey of the area.¹

In furtherance of this policy, I am now sending Eric Johnston to the Near East as my personal representative with the rank of Ambassador to explore with the governments of the countries of that region certain steps which might be expected to contribute to an improvement of the general situation in the region. In so doing, I have assured Mr. Johnston that he will have my full support and enjoy the widest possible latitude in dealing with all questions relevant to his mission.

One of the major causes of disquiet in the Near East is the fact that some hundreds of thousands of Arab refugees are living without adequate means of support in the Arab States. The material wants of these people have been cared for through the United Nations Relief and Works Agency. The Congress of the United States, over a period of 4 years, has appropriated a total of \$153,513,000 to aid these refugees. It has been evident from the start, however, that every effort must be made by the countries concerned, with the help of the international community, to find a means of giving these unfortunate people an opportunity to regain personal self-sufficiency.

One of the major purposes of Mr. Johnston's mission will be to undertake discussions with certain of the Arab States and Israel, looking to the mutual development of the water resources of the Jordan River Valley on a regional basis for the benefit of all the people of the area.

In his conversations in the region, Mr. Johnston will make known the concern felt by the Government of the United States over the continuation of Near Eastern tensions and express our willingness to assist in every practicable way in reducing the areas of controversy. He will indicate the importance which the United States Government attaches to a regional approach to the development

of natural resources. Such an approach holds a promise of extensive economic improvement in the countries concerned through the development of much needed irrigation and hydroelectric power and through the creation of an economic base on the land for a substantial proportion of the Arab refugees.

It is my conviction that acceptance of a comprehensive plan for the development of the Jordan Valley would contribute greatly to stability in the Near East and to general economic progress of the region. I have asked Mr. Johnston to explain this position to the states concerned, seek their cooperation, and help them through whatever means he finds advisable.

Mr. Johnston left the United States on October 14, following conversations with me, the Secretary of State, the Director of the Foreign Operations Administration, and other officials.

Herbert Hoover, Jr., To Study Oil Situation in Iran

Press release 570 dated October 15

Herbert Hoover, Jr., recently appointed adviser to Secretary of State Dulles on problems dealing with worldwide petroleum affairs, will depart for Tehran today.

Mr. Hoover is going to Iran at the request of the Secretary and for the express purpose of becoming fully acquainted, from on-the-spot observation, with problems inherent in the Iranian oil situation so that he will be better able to discharge his duties as special adviser on oil.

Expertly qualified in this field, the son of the former President of the United States has had wide experience, for 20 years, on petroleum problems in the Middle East as well as in other parts of the world.

Par Value Announced for Jordan's Currency

The International Monetary Fund on October 5 announced the establishment of the initial par value for the Jordanian dinar at one dinar equal to U.S. \$2.80.

The parities for the dinar in terms of gold and in terms of the U.S. dollar of the weight and fineness in effect on July 1, 1944, are as follows:

Grams of fine gold per currency unit	2.48828
Currency units per troy ounce of fine gold . . .	12.5000
Currency units per U.S. dollar	0.357143
U.S. cents per currency unit	280.000

¹ For the Secretary's report to the Nation on this survey, see BULLETIN of June 15, 1953, p. 831.

Inter-American Cooperation and Hemisphere Solidarity

by John M. Cabot

Assistant Secretary for Inter-American Affairs¹

In reading comments on international affairs, one is often reminded of the difference in the image one sees in looking through the two ends of a telescope. Our differences with other nations frequently arise because we do not see a given situation in the same light. Yet if we are to live in constructive friendship with the other nations of this world, surely the first essential is mutual understanding. Surely in this era of hydrogen bombs it is better to sacrifice something of one's own viewpoint to the honest views of another if that will maintain the peace.

Since the dawn of history the way of the peacemaker has been hard. In international affairs it is easier to arouse hatred than understanding, suspicion than confidence, selfishness than collaboration. Those who appeal to emotion rather than reason can point to historical examples to sow whatever evil weed they may wish to implant in the public's mind. Unhappily the public is not told so often, nor does it so vividly remember, the times it has been deceived by appeals to its narrow prejudices and selfish emotions. Yet wars have almost never started in modern times from nothing; they have resulted from an accumulation of grievances, real or fancied, on both sides. It is the task of diplomacy to allay those grievances before they reach the danger point.

In the Americas there are happily but few cases in which there is danger that grievances may reach the explosion point. Whatever the shortcomings in our mutual relations, we can proudly maintain as a group of free peoples that in our relations we have been a beacon light to the rest of the world. The Pan American Union antedates by half a century the United Nations and furnished the U.N. Charter the vital concept of regional organizations; the concept of Point Four had already been in successful operation for years in Latin America when it was announced as an essential contribu-

tion of the United States to the maintenance of peace in the world. The basic principle of the NATO treaty had previously been embodied in the Rio Treaty of 1947. Thanks to the cooperative concepts we had built up over the years in this hemisphere, we were spared the material destruction of the Second World War, and we were able to devote all of the resources of the Americas to maintaining inviolate our lives, our homes, our beliefs, and our institutions against foreign tyranny, nihilism and imperialism. Let us never for a moment forget the horrors from which our continental solidarity happily saved us.

In the years which have passed since our common victory in the Second World War, rifts have appeared in our continental solidarity, and today it is not so firm and unquestioned as it was 8 years ago. For the most part, I do not believe that these rifts are serious. Even between the closest friends an occasional misunderstanding is inevitable. It is the duty of friendship to examine such misunderstandings with candor and tolerance; only thus can they be prevented from rankling.

Let us examine some specific problems we have recently faced in our Latin American relations.

Bolivia

We have just made a unique grant of aid in Bolivia.² We have not done this because we have uniquely close relations with Bolivia. We do not necessarily approve all that the present Bolivian Government has done; on the contrary, we have had to make strong representations to it regarding its attitude towards American interests. Why then this aid?

First, let me point out that the present Government unquestionably came to power by the will of the Bolivian people. If we believe in democracy, it is surely our duty to deal with regimes solidly based on the consent of the governed, even if they differ somewhat from us in their concepts of government.

² BULLETIN of Oct. 19, 1953, p. 518.

¹ Address made before the General Federation of Women's Clubs at Washington on Oct. 14 (press release 561 dated Oct. 13).

Second, the present Government has shown much courage in facing the problems it inherited. I shall not discuss the question of the nationalization of the tin mines. Bitter charges have been flung back and forth, but it would not be proper for me to discuss them. What is important is to note that preliminary agreements have been reached between the Bolivian Government and the former owners of the tin mines regarding compensation.

The present Government inherited an impossible economic situation. In an effort to keep down the cost of food, the previous governments had imported staple items at an unrealistically low rate of exchange. As a result foodstuffs disappeared over the frontiers even after importation, while domestic farmers were ruined. The proportion of foodstuffs imported rose to 40 percent of consumption. As long as tin prices remained high, the necessary exchange could be found to pay for food imports, but this year the price in world markets dropped abruptly from \$1.21 to about \$0.80 a pound. At the same time we filled our stockpile and were no longer interested in the low-grade ores which could be smelted only by us in an uneconomic smelter. This combination of circumstances spelled disaster for Bolivia.

With drastically curtailed foreign exchange receipts, famine in Bolivia was a mathematical certainty. Given the traditional political pattern there and the grave stresses to which the country is subject, chaos seemed certain and a swing to communism probable if we sat on our hands. Taking its political life in its hands, the Government has drastically modified the economic controls which have been ruining the country's economy and has tried to put things on a sound economic basis. You will appreciate the tragic sacrifices it means for people who have barely enough to live on when the prices of necessities are suddenly jumped far more than wages.

It seems to me that our attitude toward this question is basically a test of the sincerity of our adherence to the true ideals of pan-Americanism and hemispheric solidarity. As 21 sovereign Republics we shall have differences—serious differences—in this hemisphere. We have common interests vastly more important than our differences. We face alike the implacable challenge of communism. The true test of our hemispheric solidarity, upon which our security so importantly depends, is our willingness to sink our differences and to cooperate with regimes pursuing a different course from ours to achieve common goals. If we have our reservations regarding some of the present Bolivian Government's measures, we believe it is sincere in desiring social progress and in opposing Communist imperialism. We are therefore cooperating with it, for history has often described the fate of those who have quarreled over nonessentials in the face of a mortal peril.

Let us turn to a somewhat similar case which is very different in its basic implications.

Guatemala

Our relations with the Guatemalan Government are today not those which we would like to have with it and with every other government in this hemisphere. Profoundly believing, as we do, in hemispheric solidarity for both spiritual and material reasons, I think we should strive as dispassionately as we can to seek the causes for the situation which has arisen. I also feel that we have the right and duty to defend ourselves and explain our position in answer to years of wanton attacks on this country and its citizens from official Guatemalan sources.

We find it difficult, for example, to be patient, after all the blood and treasure we have poured out in Korea to safeguard the free world, when the official Guatemalan newspaper follows the Communist line by accusing us in effect of bacteriological warfare just after our airmen have returned to tell us of the tortures to which they were subjected to extract fabricated confessions. We are also surprised that the Guatemalan Ambassador should misrepresent a perfectly proper note I handed him explaining our juridical views regarding the expropriation of American property in Guatemala.³ All that we have asked of Guatemala is that it respect its obligations, legal and moral, within the family of nations. We wish to discuss questions outstanding with Guatemala on the basis of the facts, our inter-American responsibilities, and international law; and we are awaiting their answer to see if they also are prepared to discuss outstanding questions on that basis.

I shall not at this point discuss the question as to whether activities of the international Communist conspiracy to destroy free governments are prejudicing the independence of Guatemala and that of neighboring Republics, since this is essentially a matter of inter-American rather than unilateral concern. The American Republics have on numerous occasions, notably by Resolution XXXII of the Bogotá Conference of 1948,⁴ made clear their opposition to activities of this nature.

³ For text of this note, see *ibid.*, Sept. 14, 1953, p. 357.

⁴ Resolution XXXII (1) reaffirmed the decision of the Republics represented at the Conference "to maintain and further an effective social and economic policy for the purpose of raising the standard of living of their peoples; and their conviction that only under a system founded upon a guarantee of the essential freedoms and rights of the individual is it possible to attain this goal;" (2) condemned "the methods of every system tending to suppress political and civil rights and liberties, and in particular the action of international communism or any other totalitarian doctrine;" (3) provided for the adoption of "the measures necessary to eradicate and prevent activities directed, assisted or instigated by foreign governments, organizations or individuals tending to over-

The Need for Mutual Understanding

Press release 567 dated October 14

The following message from Secretary Dulles was read by Acting Deputy Under Secretary Robert D. Murphy to the Leaders' Conference on Inter-American Affairs, General Federation of Women's Clubs, which met on October 14 at the Department of State:

It gives me great pleasure to welcome here the officers and guests of the General Federation of Women's Clubs. Your organization does a valued work in focusing the attention of your membership on problems, both international and domestic, which affect the national interest. And I want you to know that your efforts are appreciated.

I think it indicative of the good judgment so characteristic of the leaders of the Federation that this conference centers on inter-American affairs.

It is something for which we can be thankful—perhaps even a reason for an exchange of congratulations—that the relations which obtain between the Americas are not of the type that usually make spectacular news. We should be proud that we have in this hemisphere an Organization of American States in fact as well as in name. When we count our blessings we should be sure to include the existence here of the kind of cooperation between nations which permits the Americas to work together to strengthen the hemisphere for our mutual benefit.

The impact of some of our achievements in the hemisphere has been felt far beyond its borders. The Inter-American Treaty of Reciprocal Assistance was, one might say, the forerunner of the North Atlantic Treaty; it was in the Americas that the concept of technical cooperation was applied and was proved a practical and progressive program. And it is in this hemisphere where we have the chance to demonstrate, beyond possibility of success-

ful challenge, the practicability of an international order wherein points of difference are peacefully resolved and common problems a matter for joint action.

What we have accomplished in this hemisphere is indeed important—but it is nevertheless no more than the foundation of the inter-American structure we intend to build. Today you will hear a situation report, sector by sector, on the hemisphere as well as some discussion of the problems that face us as an association of nations.

It will be clear to you that much remains undone and that the problems outstanding will not be easily or quickly resolved. I believe that it will, further, be apparent that if these problems are to be dealt with successfully, either in the near or distant future, we shall have to draw upon the collective wisdom and energies of the peoples and leaders of the Americas.

To do so, we will first have to work, you and I, to strengthen the bonds that link the nations of this hemisphere. We shall need to develop our understanding of the peoples of the nations to the south, their traditions, capacities and their problems. We shall also be called upon to do what we can to improve their understanding of us.

In my opinion, this understanding is of the kind that evolves when people know each other better. It is instinctive for many of us to be wary of the unknown and suspect the stranger. Conversely, we accept the familiar and place trust in the friend. It is then for us to do what we can to eliminate the factor of strangeness from inter-American relationships. And if we are met with a reciprocal effort, I can visualize nothing which can prevent the realization of our objectives.

This conference here today is a function of that process. It is my earnest hope that you will find your visit here rewarding in every way.

I speak for myself and the other officers of the Department in voicing this hope and in bidding you, as well, a warm welcome.

With any regime's purpose of social reform, insofar as it is sincere, we have no quarrel. On the contrary, we applaud measures which raise the living standards of the underprivileged. Having myself served in Guatemala and observed conditions, I personally would have great sympathy with any such purpose. But when we are resisting Communist aggression and subversion all over the world, no regime which is openly playing the Communist game can expect from us the positive cooperation we normally seek to extend to all of our sister Republics. We know indeed that despite its hypocritical appeals on behalf of the underprivileged, communism does not give a snap

throw their institutions by violence, to foment disorder in their domestic political life, or to disturb, by means of pressure, subversive propaganda, threats or by any other means, the free and sovereign right of their peoples to govern themselves in accordance with their democratic aspirations;" and (4) provided for proceeding "with a full exchange of information concerning any of the aforementioned activities that are carried on within their respective jurisdictions."

of the fingers for the welfare of the masses. It will liquidate them or send them to slave labor camps by the millions to advance its tyrannical power.

When we seek to defend the rights of our citizens under international law in Guatemala or elsewhere, we are often accused of opposition to any form of social progress. Such an argument is so obviously absurd, so monstrous in the light of our entire history, that I find it difficult to know where to start refuting it. Am I to recite our Declaration of Independence or our Bill of Rights? Am I to invoke the shades of Jefferson, Lincoln, the two Roosevelts? Am I to describe the innumerable curbs which by law we have effectively placed on abuses of the power of wealth, or must I point out that our society is far less divided into classes than that of Soviet Russia? Need I remind our Latin friends of the freedom which we helped to win for Cuba and the Philippines and yielded to them spontaneously with our

warmhearted blessing? Is it for nothing that we have in the United States the highest standard of living in the world, that under wise laws the benefits of our material advancement are so widely spread throughout the community? Have other countries so soon forgotten what private American efforts have done to relieve the sufferings resulting from disaster wherever it has struck in the world, or the enormous contributions which our private foundations have made towards wiping out pestilence? What selfish purpose are we supposed to be serving by the aid we have given millions of the underprivileged through our Point Four work? Over what people, territory, or class does the Star Spangled Banner wave as a symbol of oppression or exploitation? No national record could show more clearly our sympathy for the weak, the stricken, and the oppressed, our desire for the greatest good of the greatest number.

Argentina

Let us turn to another situation. Our relations with Argentina have often been troubled. I am not going to analyze the causes and the course of the difficulties which arose between us; I doubt that any good purpose would be served by raking over the dead leaves of the past.

The Argentine Government follows a different political and economic philosophy from ours; whether it is well adopted to Argentine domestic conditions I shall not venture to say, for it frankly is none of our business. It is, however, clear that the present Government of Argentina came to power by the will of the Argentine people. The Government of the United States has repeatedly pledged itself not to intervene in the internal affairs of its sister Republics, and it must and will respect its pledges; they are the cornerstone of our inter-American relations. Reviewing the sorry history of past years, I hope you will agree that this is not only practically sound but morally right.

We cannot take the attitude that what is good for us is necessarily good for other nations under vastly different circumstances; that Uncle Sam knows best what is good for others and will assume the responsibility for seeing that they get it; that it is wrong for Soviet Russia to impose communism on foreign nations but permissible for us to impose democracy on them; that in the present grave state of international affairs we can afford to feud with every government whose internal politics don't altogether meet our approval. If it is not obvious to us that democracy (unlike communism) can never be imposed on a foreign nation by force, then we should and did learn from past interventions that they never produced democracy. If we are to have hemispheric solidarity, with all that it means to our security, we must scrupulously respect the principle of

nonintervention in our relations with our sister Republics.

In his inaugural address President Eisenhower stated that, much as we cherished our own political and economic institutions, we should never try to force them on others. President Perón on his part indicated to the new administration his hope for better relations between our two nations. Thanks to the tact, ability, and understanding of Dr. Milton Eisenhower, a marked change in the tenor of our relations took place as a result of our visit to Buenos Aires in July.⁵

In our talks with President Perón, he made it clear he wished for good relations with the United States based upon mutual respect. The purpose of our visit was to make it equally clear that the principle of mutual respect was likewise the basis of our policy. In today's world, Argentine and United States interests coincide far more than they clash. Logic and common sense point to the course which we should take.

President Perón has taken steps toward improving relations by settling outstanding controversies with us. There have been mischievous stories circulated that, in return for better relations, he demanded concessions, notably large loans, of us. The fact is the exact reverse; he told us that Argentine friendship had no price tag on it. We welcome the constructive attitude President Perón has shown. Obviously I cannot predict what the future of our relations with Argentina will be; some of the factors which have troubled them still exist. But this much I can state: we, on our part, shall strive earnestly to consolidate the improvement which has taken place in our relations with Argentina. Though remembering past disappointments, let us on our part do all we can to prevent another. Let us demonstrate our profound belief and faith in pan-Americanism and hemispheric solidarity.

Mexico

In thinking of the future of our relations with Argentina, let us take heart from the story of our relations with Mexico. In the past 26 years, some exceptionally able American diplomats have handled our relations wisely and have resolutely adhered to first principles. Their efforts have been greeted with equal statesmanship by their Mexican colleagues. Our relations have been completely transformed, and today they are those of friendship, respect, understanding, and trust. If there are times, in the innumerable questions which inevitably rise between neighbors, that we cannot agree, we can disagree without rancor or suspicion. The forthcoming meeting between President Eisenhower and President Ruiz Cor-

⁵ For a statement by Dr. Eisenhower on his trip to South America, see *ibid.*, Aug. 10, 1953, p. 184.

tines at the Falcón Dam will symbolize the sincere friendship and effective cooperation which characterizes our relations with our good neighbor to the south.

I have described to you the story of three major problems which we have had recently in our relations with our sister Republics. Do not think that they are typical. Our relations in this hemisphere suffer in a sense from the fact that they are not more dramatic. If we are friendly with our neighbors, if we cooperate with them, if they are going about their own business without creating major problems for us, that is not news—tragic though that may be as a commentary on human relations. Let us, however, take comfort from the fact that we can develop our relations with our sister Republics in an atmosphere other than one of lurid crisis.

For here is a frontier of human development similar to that which raised us in a century to our present grandeur. Here is a blackboard where history is yet to be written. Here is a group of nations where our present policies can greatly influence our future relations for good or ill. Here is a continent in a period of amazing development—a development so rapid that our Latin friends complain more of growing pains than they take satisfaction in their increasing stature.

Now is the moment when we must decide whether we are to keep this rendezvous with destiny. We can foresee for Latin America a development in the next century as portentous for world history as our development was in the last century. While this is going on, while Latin America is going through a period of febrile development, we should not be surprised if it centers its attention on its domestic problems. We did. Let us remember how deeply we appreciated the helping hands which were extended to us when we were younger and weaker, and let us cooperate in friendship and understanding in the development of our sister Republics. History beckons us.

Brazil

Take, for example, our relations with Brazil. With no nation in the world have we a record of longer, more loyal friendship. Greater than the United States in area, more populous than any other Latin land in America or Europe, Brazil is going forward as though Aladdin had rubbed his lamp. If there are today certain maladjustments in Brazil's economy, can anyone doubt Brazil's majestic future? Reason and sentiment have alike cemented our friendship in the past. No nation has brighter promise for the future than Brazil, and no nation can better help Brazil to achieve that future than the United States. If the problems of our collaboration are often com-

plex and prosaic rather than glamorous, let us press forward together in continuing, constructive friendship.

Panama

Or take our relations with the Republic of Panama. We are holding discussions with representatives of that Government in regard to certain readjustments in our relations which they desire. Given the immensely complex relations which exist between Panama and the Canal Zone, this is a highly intricate, involved subject. Differences of opinion will, of course, arise as to whether or not some of the Panamanian aspirations are just and practical, and some of their demands seem excessive, but we on our part are examining them in a spirit of understanding with a desire to promote continuing friendship and mutually beneficial relations. Not only must we bear in mind that close collaboration is essential to the defense of the Canal, but also we should always remember the example we set for the world in our dealings with smaller states.

We hear quite a bit in the United States of the occasional troubles of American companies operating in certain parts of Latin America, but we hear little of the economic statesmanship shown by many of our sister Republics, notably Venezuela and Peru. We hear of dictators, but we scarcely hear, for example, of the sturdy democracies of Uruguay and Costa Rica. We have as neighbors a group of sister Republics with defects and problems, but in a period of pulsating change and progress. As we seek to solve our day-to-day problems, as crises elsewhere distract us, let us lift up our eyes to the brilliant future which cooperation with them can so mightily advance.

And finally a word which I trust our sister Republics will not take amiss. Communist imperialism recognizes the United States as the citadel of the free world. So long as we stand intact and free, they cannot proceed unhampered with their conspiracy to subjugate the world to their godless tyranny. So long as the mendacities of Communist propaganda can be exposed, it will not be particularly effective. As the principal obstacle in their aggressive path, we must be eliminated; and to that purpose they are devoting every resource at their command which they feel it prudent to use. In Latin America they are seeking through a tremendous campaign of calumny to destroy our prestige, to weaken our economy and that of our sister Republics by vicious attacks on our private companies operating in Latin America. Not a few honest people have been misled to a greater or lesser degree by this campaign. Recognizing a few words of truth in a lengthy Communist diatribe, irritated with the United States by the frustrations we all face in this ever-narrowing world, they unwittingly lend aid and comfort to their mortal enemies.

As free men and free nations in this hemisphere, let us disagree if we choose as to how we are to achieve our goals; but let us disagree with friendly tolerance, and let us remember that our goals, of governments and peoples, are substantially the same. As sovereign Republics, we seek national development in accordance with respective national geniuses; seek rising living standards; we emphasize the rights and dignity of the individual. In a shrinking world we wish in our international relations to secure mutual benefits

on the basis of mutual respect. We want peace, and we know how mighty a force for peace our hemispheric solidarity has proved. In short, although there are some conflicts of interest between us as there are even in the most closely knit families and although the Communists ceaselessly try to exploit these conflicts, our interests, aspirations, and goals in the Americas are so closely paralleled that they should indissolubly cement our continental solidarity. Let us then deal with each other with understanding hearts.

The United Nations in Focus

by James J. Wadsworth

Deputy United States Representative to the United Nations¹

I have great respect for the motion-picture industry. And, it seems to me, you, the exhibitors, are one of its most important branches. You represent, and speak for, the ultimate consumer. You are the industry's contact with the millions and millions who decide at the box office whether or not a picture is to be a success.

I have an interest in those millions. I want to reach them—Mr. and Mrs. America and “their sisters and their cousins and their aunts.”

I have a message for these people. And I can think of no better way to reach them than through you.

This message is of vital importance. It concerns the future of this country and of the world. It could very well mean the survival of both. Believe me, I am not exaggerating or being overly dramatic. I speak in deadly seriousness.

It seems to me, sometimes, as though Providence were saying to the human race:

“All right, you have shown how smart you are. You have conquered the air, the sea, the land. You have tamed the fire of the sun. You have reduced the elements to be your servants.

“Now learn to get along peacefully with each other, men and nations, or these forces will turn on you. They will destroy you and all your fine accomplishments. One more war and you are through.”

And this is a deadly fact. Either this is going to be a peaceful world or civilization, as we know it, is done for.

The United Nations was created to build that world—“to save succeeding generations from the scourge of war.”

When those words were written in San Francisco in 1945, few of us knew about the atom bomb. The H-bomb was only a gleam in the eyes of a few scientists. But war without either had become so utterly destructive that peace-loving peoples all over the world were saying, “No more.” The U. N. was the machinery created to put this worldwide determination for peace into effect.

The U. N. is not perfect. I would be the last to claim that it is. We should remember, however, that it is only 8 years old this month. Our own Nation took considerably longer than that to begin functioning smoothly.

The charter of the United Nations may not be the perfect document. But we have amended our own Constitution 20 times, and we knocked out one amendment when it failed to work.

There are, to be sure, differences between even the friendly U. N. nations. But what family does not have its squabbles? And those differences are always overblown, overplayed in the press. I am frequently unpleasantly astonished when I see the news accounts. “Another rift,” say the headlines. And it may have been only a minor and completely friendly disagreement on a relatively unimportant point.

Aside from all this, what else have we? The U. N. is the only medium through which the peace-

¹ Address made before the Allied States Association of Motion Picture Exhibitors at Boston, Mass., on Oct. 7 (U.S./U.N. press release dated Oct. 6).

ful nations can work cooperatively toward the goal of peace. If it did not exist today—now, when the need is so urgent—men of good will everywhere would be demanding its immediate creation.

Fortunately, that step has been taken. The U.N. is there. Our job is to make it work.

The United States is, of course, a member of the United Nations. President Eisenhower has repeatedly avowed his support of the Organization, and his belief in its goals. So has Secretary of State Dulles and other high Government officials.

It isn't a partisan question. The charter was approved in the United States Senate by a vote of 89 to 2. Both of our major political parties support it.

But this isn't enough. A government in a democracy can do only so much. Basically it is helpless unless it has the support of the people—their active support. Testifying recently before the Senate Committee on Foreign Relations, Ambassador Lodge put it this way:

In the struggle for peace, as in every other human endeavor, the success of the struggle depends directly on how hard you work, how deeply you sacrifice, how sincerely you care . . . no amount of diplomatic nicety or verbal courtesy can alter this fact and the future of the United Nations is bound up with it.

While the need for the United Nations is as strong and as steady as the human yearning for peace, its future success depends entirely on the extent to which its members support it. It is up to them.

I believe the U.N. does have the support of the American people. All recent opinion polls, in fact, indicate a rising interest. And again it is not partisan. It is party and nationwide.

The Vocal Minority

But there is a very vocal minority of dissent. There are even those who would have us withdraw from the United Nations. And that, in my opinion, would be the biggest single step we could take toward World War III and all that implies.

Understand me, I do not believe we are going to take that step. But I should like to reach those who are asking it, or even considering it, and make converts of them.

I believe it can be done. I am convinced any sincerely patriotic American who understands the issues and what the U.N. is doing would very soon become a supporter of the Organization. And, as you know, there is no more ardent protagonist of any faith than the convert.

Then, too, I would like to reach those others who support the U.N. and say so when the poll-takers call, but let it go at that; those who do not care deeply enough to work actively in the U.N.'s behalf.

I want to awaken the spirit of the American people in this cause. The spirit that makes us

win wars. The spirit that—in a war—sees no sacrifice too great, no labor too tedious.

The key to awakening that spirit, as I see it, is understanding. And that is where I am asking your help.

Now, I agree that the primary business of motion pictures is entertainment. But entertainment can also be instructive. In helping tell the U.N. story, you can give your audience both, without boring them or driving them away from your doors.

I am talking, of course, of the U.N. films.

A number of you do show them. A great metropolitan circuit is currently showing two of them. I know that and appreciate it. I am familiar, too, with the difficulties in the way of their wider use.

But, frankly, I do not see those difficulties as insurmountable. I am sure you could find a way around them if you could be convinced of the necessity of the task I am asking you to undertake.

These films are used widely by nontheatrical houses, and they do a good job. But that is not the audience in which I am interested tonight. It does not include the millions I would like to reach.

I want those millions enthusiastic about the U.N. I want them to appreciate just what the U.N. means to them individually, what it means to their children. They must see the U.N. for what it is, man's brightest hope for peace. And peace for what it is: man's only hope of survival.

Perhaps some of us would survive another war. But the world we would find, when we crawled out of the debris, would not be the world we knew. It would be a sorry world, a bitter world.

Building a peace is a many-sided project. It is not only stopping aggression in Korea, although that, of course, was basic. It isn't only putting an end to the bloodshed between India and Pakistan, between Indonesia and the Dutch, between Israel and its Arab neighbors. Those, too, were important, but not the whole story.

The big story is making peace meaningful. It is giving men something for which to live. It is removing the causes of war. It is the old fight against man's ancient enemies—hunger, disease, ignorance.

The "New Kind of War"

Led by the U.N., this fight is going on all over the world. It is what President Eisenhower has called the "new kind of war."

It is, and I would like to emphasize this, a vital part of the struggle for peace. And it is, unfortunately, practically unknown to millions of Americans.

The work of the U.N.'s specialized agencies makes a good story. It has entertainment value. And a lot of it is recorded on films.

I think any American would be proud to know that he has a part in this fight. He would be

interested, too, I am sure, in knowing that, tax-wise, his part, to date, in the U.N. and specialized agencies is costing him individually just about sixteen cents a year.

The explanation is, of course, that so many nations are participating. In the U.N. each can do his bit. Participation is voluntary and some of the U.N. nations, I admit, have not seen fit to take a part in these programs. The Soviet Union, for example, has had no part in the U.N. Food and Agriculture Organization, the International Labor Organization, the Educational, Scientific and Cultural Organization. It has withdrawn from the World Health Organization. And it has promised only this year, for the first time, to make a contribution to the U.N.'s expanded technical-assistance program.

As the Soviet Union goes, so goes the Soviet bloc in the U.N.: Byelorussian S. S. R., Czechoslovakia, Poland, Ukrainian S. S. R. The specialized agencies, to date, have not interested the satellites in the U.N. They do not contribute and they take no part in the programs.

Practically all of the other nations, however, do. In most of the agencies there is a full roll call, excluding the Communists. Actually, in most of them a number of nonmember nations participate.

The work of these agencies is diverse. There are stories to appeal to practically everyone.

The work of the United Nations with children is always an appealing subject. Nine hundred million children live in this world. They do not make war, poverty, disease, politics, and yet they are the victims of all four.

UNICEF, the U.N.'s International Children's Emergency Fund, was created in 1946 to bring emergency relief to the child victims of World War II. It did so good a job that in 1950 it received a new mandate to help children throughout the world. It has recently been made a permanent U.N. agency.

Nine hundred million children are quite an assignment. UNICEF cannot, of course, give each individual care. What it is doing is to help the governments of the nations concerned to build better, sometimes their first, children's programs.

One of the interesting angles of the U.N. programs is the fashion in which the work of these agencies interlock, and the extent to which they cooperate in doing a job.

A project in Thailand near Bangkok is typical. The Thai Government is anxious to "re-vamp" and modernize its educational system. It appealed to the U.N. for help.

The project was undertaken by the U.N. expanded technical-assistance program with the other specialized agencies cooperating.

The site picked is that of an ancient Buddhist monastery. Teaching has been, and is, the traditional function of the priests in Thailand, which

no doubt influenced the decision. The priests, in fact, are still there.

The U.N. sent a team, including a New Zealand expert in fundamental education, a primary school specialist from Denmark, a language teacher, and a vocational training expert from the United Kingdom and a science teacher from the United States. Other specialists were recruited from the Netherlands and Norway.

Thailand, you understand, is putting up most of the money. What she lacked, and what the U.N. is supplying, was the technicians, the experts, the "know-how."

Thailand is an active member of the U.N. Prince Wan, chairman of the Thai delegation, is one of the most able and respected of all the men and women representing their countries in the United Nations. Under his leadership, Thailand is playing an important part in the world community of peace-loving nations. Her willingness to cooperate is an inspiration to all of us.

Each Nation Can Contribute

Cooperation is basic to the U.N. philosophy. And, as it has developed, practically each of the nations has something to contribute. Each has some field in which its "know-how" can be valuable elsewhere.

Just to mention a few examples at random, there is a Haitian coffee expert working in Ethiopia, an agricultural statistician from Rhodesia in Libya, an Icelandic marine engineer in Ceylon.

A Finnish expert is helping the Government of El Salvador construct an airport. India, herself a beneficiary under all of the programs, has sent 84 experts to serve in other countries. Americans are everywhere.

All these people, and many more, are doing a job. They illustrate the international character of the U.N. programs, and the value of cooperation in tackling these many problems.

I, personally, get this feeling at the General Assembly session in New York. It is very vivid to me on the Assembly floor, in the dining room, the lounge, and just walking the U.N. corridors.

If I have time after a Committee meeting, I go into the lounge. Looking out of the big windows, I see New York, with all its noise and life. The loud speaker calls for a delegate—"Prince Wan is wanted on the phone." Nearby are little groups deep in conversation, French, Indian, Danish. It is the U.N. in miniature.

There are those who do not think the Communists have a place in the United Nations. Ambassador Lodge was asked recently if it were not like having an arsonist in a fire house. He said it was, but what better place could be found to keep an eye on a "fire bug"? In a fire house he would be, at least, under surveillance. The firemen would have an idea of what he was doing.

That makes sense to me. And it is the way it has worked. The Communists have found it difficult to import the Iron Curtain. Everything is in the open in the U.N. This openness, I have noted, is frequently an embarrassment to the Communists. I am convinced that they would very much like to get out. It is like having a bear by the tail. They can't control it. They dare not drop it. And it is giving them some very uncomfortable moments.

Incidentally, there are a number of films showing the U.N. Headquarters in New York. I do not know if any of them feature the deputy permanent U. S. representative, but I would be very happy to arrange that for you.

A major Broadway picture theater is regularly showing a series of U.N. films known as the Screen Magazine. There are several quite recent ones and all are good.

I recently saw one of the new ones, "Afghanistan Moves Ahead," and was quite impressed. It is a good story, and one in which, I think, there would be a lot of interest. The setting is highly picturesque.

Afghanistan has been long isolated by history and geography. The way of life of the people has changed practically none at all in over a thousand years. The picture turns back the pages of history.

The Government of Afghanistan is making a heroic effort to bridge this thousand-year gap. And, with U.N. help, it is doing it. The project has enlisted the energies of 12 or more nations. A Swiss agriculture expert, for instance, is contributing his knowledge of mountain farming. A man from Colorado is working to improve the sheep flocks. Austria sent a man in a jeep to travel the almost impassable back-country, demonstrating the use of modern agriculture implements.

Other experts on the project hail from the United Kingdom, India, Norway, France, the Netherlands, Chile, Denmark, Finland, Belgium and Greece. There may be more and, if so, I apologize for not mentioning them.

They are fine people, the Afghans. The chairman of the U.N. delegation, Mohammed Ludin, is a friend of mine. We first met at a luncheon given by Ambassador Lodge. Ludin sat across from me and suddenly leaned over to ask:

"How are things in the Genesee Valley?"

"What," I demanded, "do you know of my valley?"

"Heck," he laughed, "I'm a Cornell man. I spent 4 years in upstate New York."

And so he had. Today he is one of the top engineers in the East. And he knows this country like a book, having visited every one of our 48 states. A grand fellow. I wish you all could know him.

I find the contacts I am making at the U.N.

richly rewarding. I am getting the "feel" of this new spirit of cooperation that is stirring the world, of the determination of all peace-loving peoples to make this world of ours a better place for all men.

I would like to share this experience with all my 160 million fellow-Americans, in the little towns, the farms, the factories, mills, everywhere.

It is a privilege to belong to the U.N. It is a privilege you and I and all Americans share. But privileges carry duties and obligations. If we Americans are to meet those obligations, properly carry out those duties, there must be wider understanding of the United Nations throughout our entire country.

Men have talked and dreamed of a Golden Age for centuries. Modern technology has given us the tools to convert that dream into reality. It has opened the door to a new life for all of us.

That is the life I want for my child and grandchildren. You, I know, want it for yours. So do millions, hundreds of millions, all over the world.

The job will not be done overnight. But the U.N. has made a start.

This is our country. It is our world. It can be a pleasant place or a grim one destined to havoc and destruction.

The choice is ours.

United Nations Budget for 1954

Statement by James P. Richards

U.S. Representative to the General Assembly¹

U.S. delegation press release dated October 1

I would like to observe at the outset that the United States has cause this year to be well satisfied by one important aspect of the report of the Committee on Contributions.

As a Member of the Congress of the United States, I am fully aware of the efforts that have been made annually by this body to realize the principle adopted in 1948 that no one member state should contribute more than one-third to the regular budget of the United Nations. It is a source of gratification to me and my Government that the seventh session of the General Assembly decided to effect the reduction of the United States contribution to 33 1/3 percent beginning January 1, 1954, and that the Contributions Committee has submitted this year a report which will give effect to this decision.

The Contributions Committee has carried out its difficult assignment, this year as in the past, with thoroughness and skill, and I am sorry that

¹ Made in Committee V (Administrative and Budgetary) on Oct. 1.

the very able and distinguished former chairman of the Committee² has left our midst without there being an opportunity for us to express our appreciation for her own great contribution to the work of the Contributions Committee and this Committee.

I now hasten to state that, despite the financial effects of a reduction in the United States rate of contribution, there is no lessening of concern and interest on the part of my Government with regard to keeping the total budget at the lowest possible level consistent with the efficient discharge of the duties laid upon the United Nations Secretariat.

I promise my colleagues that we will study with the greatest sympathy any proposals which may be advanced for further economies in the budget. All of the governments represented in this room are faced with difficult domestic financial problems. A common desire for the maximum economies without damage to the United Nations programs is shared by all of us. My Government intends to cooperate with others in reaching that objective.

The Secretary-General has helped us. In the first place his budget estimates for gross expenditures are approximately \$200,000 less than for 1953, and the net budget is nearly \$430,000 less than the net total for 1953. However, I believe analysis of the estimates will reveal that more than \$1,000,000 of the expenditures for 1953 are of a nonrecurring nature. The chairman of the Advisory Committee may correct me later, but I believe I am right in noting that the proposed Advisory Committee reductions of \$850,000 bring the 1954 budget level back to approximately that of 1953, exclusive of these nonrecurring costs. In the absence of definite figures some additional small reductions in the Geneva estimates are also assumed.

Yesterday we had a further indication of cooperation on the part of the Secretary-General. He stated that while he would be glad to explain and justify his own estimates, he would not engage in any special pleading. His recognition of the identity of interest of the Secretariat and member governments and his approach to the objective of mutual agreement and confidence is indeed refreshing. The United States delegation will, therefore, support the Advisory Committee figures and will oppose efforts to increase those estimates through the submission of supplemental estimates or restorations. With regard to the supplementals, many of the points made by the Secretary-General will require careful examination and will be dealt with at a later date.

My delegation has noted the comment of the Advisory Committee in paragraph 9 of its report.³ The Committee states that it has refrained

from including in its report general proposals on reorganization. Under the assumption of this clear policy of restraint it is clear that the Committee has acted properly in restricting its proposals for budgetary reductions.

However, I would be less than candid if I did not clearly express the belief of my Government that this year and next the Secretary-General and the Advisory Committee have both the opportunity and the responsibility of approaching the review of the budget with more fundamental considerations in mind. The estimates for 1954 are based on a continuation of an administrative organization and policy which has been relatively unchanged since 1946. The distinguished first Secretary-General, Trygve Lie, during his term of office, did his best within the administrative structure established at the first Assembly to provide an efficient and economical administration for the United Nations Secretariat.

He has laid the basic foundations soundly, and the United Nations has a Secretariat of which it can well be proud. But Mr. Lie, like many executives—governmental and private—was himself not fully satisfied with his creation. On the eve of his retirement he made a number of significant recommendations for increased efficiency and economy by changes in the structure of the Secretariat. These recommendations were discussed to some extent by this Committee last year. The Committee indicated at that time its appreciation to Mr. Lie for sharing with the Committee his ideas for improvement of the Secretariat which resulted from his long years of experience.

It was appropriate, of course, that the Committee and the Assembly should postpone consideration of reorganization of the Secretariat until the new Secretary-General had had an opportunity to review the recommendations and to formulate his own conclusions. We now await with interest Mr. Hammarskjöld's promised recommendations. We fully expect the new broom to sweep clean. His appraisal, I am confident, will provide this Committee, during the current session and next year as well, an opportunity to do more than apply the brakes on expenditure here and there. In short, my Government will expect additional savings on the 1954 budget and reduced estimates for 1955.

With the Secretary-General's help we should be able to turn the curves of expenditure and staff growths downward at the same time that we benefit from improved and more effective services.

The Secretary-General will, I am sure, have many suggestions, drawn from his long experience in the Swedish Treasury, which will help us achieve our goal of intelligent economy. However, it may help him if each of the delegations around this table freely and openly provides suggestions based on its own observations and experiences. I fully recognize some of these suggestions will be contradictory; others may be impractical

² Maria Witteveen of the Netherlands.

³ U.N. doc. A/2403.

or even impossible, but I would hope that they might serve to challenge and sharpen thinking on these questions not only in the Secretariat and in this Committee but amongst interested members of the public.

Organization and Administration

My delegation would submit that the new look at the organizational and administrative problems of the United Nations should devote attention to the following four items among others:

First, as pointed out by the Advisory Committee and in the discussion in this Committee in previous assemblies, the organization of the headquarters can be considerably streamlined. To achieve this, primary attention should be given to the reduction in the number of separate organizational units and scaling down of overhead and supervisory costs.

Second, the relationship between United Nations activities at headquarters and in the various regions should be carefully reviewed and redefined. For example, as the Advisory Committee points out, the relationship between the headquarters organization and the regional economic commissions does not seem to be adequately defined, either in terms of function or from the standpoint of administrative controls.

Third, insufficient attention has been given in the past by the Secretary-General, by the Advisory Committee, and by this Committee to the means of affording thorough, overall review of the administrative expenditures of the United Nations technical-assistance program. In the case of the United Nations, since part of these expenditures are met out of the regular budget and part out of the Special Fund, it is time, in the view of my Government, that the Advisory Committee and the Fifth Committee undertake, as part of its review of part IX of the regular budget, an evaluation of the administrative costs of the technical-assistance program being financed out of the Special Fund and particularly those connected with the Technical Assistance Board. Only in this manner can there be a satisfactory governmental review of the total activity.

Fourth, a further effort should be made to develop interchangeability of skills between the several Secretariat units and staff members. The Secretary-General acknowledged this in his speech yesterday; we therefore feel that we can be assured of improvements in this area. At the moment there exist too many administratively watertight compartments within the Secretariat. The Advisory Committee has cited a number of examples in recent years. The fact can be readily demonstrated, however, by the large amounts included in the budget for temporary assistance for conferences and for special consultants for various special studies. The classic example is of course the special unit of 23 persons at a direct cost of

\$173,000 devoted in its entirety to the servicing of the Economic and Social Council. The General Assembly is also partly responsible for this situation. Our colleagues in other committees and the councils have a penchant for either underestimating the abilities of the permanent staff members or demanding such exclusive service that extra staff must be employed. Either situation results in special committees and advisory groups being set up to perform tasks which could have been handled by the Secretary-General and his staff.

That, Mr. Chairman, summarizes briefly four of the areas in which my delegation believes that significant administrative improvements can be devised and on which attention might well be focused next year. This does not mean, however, that there are not many other problems or that we have reached the best solution to problems in other areas. Far from it. And as a consequence, I wish to mention again certain obviously wasteful practices and expenditures which the Advisory Committee and this Committee have stressed in the past and which have not been as yet eliminated.

Curtailment of Documentation

Despite the previous resolutions of this Committee we have not made much progress in reducing documentation. We have the observations of the Advisory Committee on this subject in the report before us. To demonstrate the actual size of this problem, I have brought with me today, with the help of other members of my delegation and a small truck, this enormous stack of documentation. This pile represents only part of the material produced during the last year for the General Assembly, the Economic and Social Council and the Trusteeship Council. This does not, of course, include the Security Council or any of the specialized agencies, but I am sure the output of their paper factories is staggering as well, if one can judge by samples such as these.

Now I am well aware that this mountain of paper represents much essential work as well as necessary records for the conduct of the business of this great organization. There is ample justification, however, for curtailment of documentation along the lines suggested by the Advisory Committee for reasons of economy alone. More important, however, as we all know, the efficient functioning of this organization depends on overburdened government departments not being needlessly swamped by the paper output of international organizations. However, at present those preparing for the meetings of these international organizations are literally inundated with paper. If we are to save our national civil services from breakdown or alternatively from swollen growth it is essential that we ruthlessly reduce the appropriations for documentation.

The Secretary-General has already issued ad-

ministrative instructions which, if strictly followed, should result in a real contribution by the Secretariat toward the reduction of documentation. However, my delegation fully recognizes the justice and wisdom of the Advisory Committee's observation that in the final analysis reduction of documentation is the responsibility of member states. This means that we must control our propensities for long speechmaking and refrain from requests for unnecessary reports. My Government will cooperate in this endeavor. We will welcome advice by the Secretary-General whenever action on the part of governments might be taken to induce a shrinkage of this mountain by my side. We also ask that he inform us whenever our representatives fail to follow this economy directive.

The second point on which the records before us indicate that past directives of this Committee have not been followed relates to travel. This arises in two ways—travel of staff members and the travel paid by the United Nations for government representatives to meetings of United Nations bodies. Every human institution can be criticized for the tendency to expand travel expenditures.

In the United States, bureaucrats often shake off the daily routine by viewing foreign and greener pastures. I observe from the Advisory Committee report that love for travel is not restricted to national officials. I would be the last member of this Committee to oppose travel expenditure which is vital to the conduct of the business of the organization, but one could justifiably ask whether high officials who spend long periods of time at one stretch away from their desks are really serving the interests of the United Nations. I am certain that the Secretary-General and everyone here recognizes that appropriations for legitimate travel are jeopardized by travel which is not justifiable.

Cutting Travel Costs

This problem can be met in two ways. One is for those of us sitting around this table and representing governments to take responsible, well-considered decisions with regard to the place, timing, and length of meetings of United Nations bodies. In this connection I should like to indicate our emphatic agreement with the position taken by the Administrative Coordination Committee, i. e., the heads of the United Nations and all the specialized agencies, that the pattern of

conferences for Geneva and headquarters which was approved by this Body at the seventh session of the General Assembly must be adhered to by all the organs concerned if rational and economical conference planning not only of the United Nations but also of the specialized agencies is to be obtained.

The second method in which unessential travel costs can be reduced is through tighter administrative controls in the Secretariat. In this connection my Government endorses strongly the opinion of the Advisory Committee that many of the conferences away from headquarters are excessively staffed. It would be desirable to have the personal review by the Secretary-General, if this is possible, of all trips proposed in connection with conferences.

I cannot omit from this general consideration of the climbing costs for travel in international agencies one further observation. I note in the tables which have been made available to us that travel on home leave in the United Nations in 1954 will reach nearly \$1,150,000. Since almost all of the specialized agencies have a similar policy on home leave, the total cost for home leave in 1954 among the United Nations agencies will approximate nearly \$2 million.

Given the times we live in, Mr. Chairman, and the sacrifices which we are all making, I should like to suggest that the time has come to consider whether our liberal home-leave policy is one which we can or should continue to support. I should note that the United States Government has followed the lead of other governments around this table in adopting a policy of adjusting the frequency of home leave to the conditions of the post at which the individual is serving. Home leave on a 2-year basis will henceforth be the exception rather than the rule. Since my own Government has belatedly adopted the policy long followed by other foreign offices, I believe that I can justifiably ask that the Secretary-General restudy this policy and its application to the Secretariat.

I should not like to conclude these remarks on purely financial and administrative matters without emphasizing that they must be viewed in a broader perspective. While I have raised points of criticism, I would emphasize that they are directed primarily toward questions of detail. They should not be allowed to obscure the fact that the United States wholeheartedly supports the basic program of the United Nations and also has complete confidence that the new Secretary-General will carry out this program in the most effective possible way.

U. N. Action in the Social Field

Statement by Charles W. Mayo

U.S. Representative to the General Assembly¹

U.S. delegation press release dated October 7

I wish to state at the outset that my Government supports the program of practical action in the social field adopted by the Economic and Social Council on July 31, 1953. This subject has received detailed and careful consideration by the Secretariats of the United Nations and the specialized agencies, and many hours of constructive debate have taken place in the Social Commission and the Economic and Social Council in complying with the request of the General Assembly in its resolution 535 (VI) of February 21, 1952.

The United Nations and its member governments are concerned with many different kinds of problems—political, economic, social, human rights, and others. Each of these problems must receive due emphasis if the United Nations and member governments are, in the words of the charter, “to promote social progress and better standards of life in larger freedom.” Not the least important is the social field, including such subjects as health, housing, education, and labor standards. This is a field in which, as a member of the medical profession, I am personally interested, and also one to which the new administration in my country has attached particular significance by creating a new Cabinet department to deal with health, education, and welfare.

It is also a significant function of the United Nations. Article 55 of the charter, among other things, sets forth the authority of the United Nations to “promote . . . conditions of . . . social progress and development” and “solutions of international . . . social . . . problems.” From the beginning the United Nations and the specialized agencies have done extensive work in this field. In February 1952, the General Assembly in resolution 535 (VI) called special attention to the importance of social issues and initiated the development of the program of practical action. In particular, the General Assembly affirmed that action to promote social development and technical assistance in social matters should go hand in hand with action to promote economic development, and requested the Economic and Social Council “to draw up a program of practical action for the United Nations in the social field to be implemented in cooperation with the specialized agencies.”

The Report on the World Social Situation² prepared by the United Nations Secretariat for the first time focused attention on social problems on a

worldwide basis. The document entitled “Program of Concerted Practical Action in the Social Field of the United Nations and Specialized Agencies” (E/CN.5/291), prepared by the Secretariat in cooperation with governments and the specialized agencies, supplemented the Report on the World Social Situation by focusing attention on United Nations programs already underway and on recommendations for further action. These two documents taken together afforded the Economic and Social Council with the factual basis for determining what a program of practical action in the social field should be.

The result is that we have before us a specific program of activities adopted by the Economic and Social Council to be undertaken in the social field, as well as practical methods and techniques for assisting governments in carrying out these activities. The core of the work of the Social Commission and the Economic and Social Council is found in paragraphs 7, 8, and 9 of the resolution of the Economic and Social Council, 496 (XVI). Paragraph 7 sets forth several important general principles. It recognizes that economic development and social development go hand in hand and that in selecting projects to be financed by the United Nations and specialized agencies this interrelationship should be borne in mind; that projects should be concerted with development plans of the beneficiary governments; and that projects should yield early and permanent results to a maximum number of people.

Paragraph 8 sets forth clearly the projects where concentration is necessary, including improvement of food distribution and dietary practices, strengthening of national health services, and other projects.

Paragraph 9 includes techniques of particular importance in a program of practical action in the social field, such as community-development projects, training programs, and the development of organizations for the administration of social programs.

It is especially important to note that the last paragraph of the Council's program recognizes the continuous nature of the problem of concentrating the attention of the United Nations and the specialized agencies on those areas where the greatest benefit can result. Provision is therefore made whereby the Secretary-General will make recommendations on further practical measures which might be taken to strengthen and make more effective the methods and techniques for carrying out United Nations activities in this important field.

The Economic and Social Council has reported to the General Assembly in response to our request in resolution 535 (VI) on the manner in which it has carried out our request. It has developed a program in which the United Nations, the specialized agencies, and the member governments have

¹ Made on Oct. 7 in Committee III (Social, Humanitarian and Cultural).

² U.N. doc. E/CN.5/267/Rev. 1.

concerted, and it has provided for continued co-operation. It has developed a practical program and has provided for consideration of further practical measures which might be taken to strengthen this program.

We have joined with the distinguished representative of Ecuador, the Philippines, and Yugoslavia in presenting a simple yet important draft resolution in which the General Assembly expresses its appreciation for the work the Economic and Social Council has done.³ I hope that other delegations will be willing to support this resolution.

U.N. Command Questions NNRC Procedures

Following is the text of a letter dated October 5 from Gen. Mark W. Clark, retiring U.N. Commander, to the chairman of the Neutral Nations Repatriation Commission (NNRC). General Clark left Tokyo on October 7, after turning over his command to his successor, Gen. John E. Hull.

General K. S. THIMAYYA,
Chairman, Neutral Nations Repatriation Commission.

In view of the differences that have arisen as to the meaning and application of the terms of reference for the Neutral Nations Repatriation Commission, and in view of their vital importance to the entire world, I consider it desirable to set forth briefly the background of that document.⁴

After April 1952, there remained one unresolved issue in the armistice negotiations which was not resolved until June 1953, when agreement was reached on the terms of reference. The issue, simply stated, was: "Would the United Nations Command agree to use physical force to return to Communist control those captured personnel who clearly demonstrated they would physically resist repatriation?" The Communists insisted that all captured personnel must be returned regardless of their individual desires. During most of the time that this issue was in dispute, the UNC had in its custody about 83,000 North Korean and Chinese prisoners of war who, of their own free will, indicated that they would not physically resist return to Communist control. These prisoners we did return in good faith as soon as it became possible to do so. The remaining prisoners refused to be returned to Communist control. Because of its regard for their human rights, the United Nations Command insisted that they, as individuals, be allowed to express their own will without coercion of any kind. They were free, at any time while

in our custody, to change their decision regarding repatriation. A few of them did, in fact, subsequently ask for repatriation, and they were included with those who were returned.

Although these anti-Communist prisoners had very clearly manifested their violent opposition to repatriation, the UNC, in the interests of achieving an honorable armistice and bringing to a halt the bloodshed in Korea, agreed to a proposal by which each side would be permitted to conduct explanations without force or coercion to prisoners of the other side who had signified they did not wish to exercise their right of repatriation. It was in connection with this agreement that the NNRC was established.

As I review the progress of about 3 weeks of activity of the NNRC, I do not fail to appreciate the administrative difficulties encountered in the organization of any such body. However, I am impelled, as Commander in Chief of the United Nations Command, to present our views on certain aspects of proceedings to date.

Certainly, the United Nations Command has, from the outset, sought in every way to fulfill its obligations to the Commission and to the Custodian Force India. It will continue to meet its present and future commitments. On the other hand, the UNC is deeply and directly concerned that the NNRC will also fulfill the obligations imposed upon it by the armistice agreement and the terms of reference, and will adhere scrupulously to the humanitarian intent of those documents. Having continued, at heavy cost, the conflict in Korea for more than a year while our negotiators at Panmunjom were striving to achieve an honorable armistice which would uphold the principle of freedom of choice as to their future by the prisoners of war of both sides, the UNC cannot now condone any abrogation or compromise of this principle. Nor can it condone the use of force or coercion, either overt or implied, in connection with this principle, while these prisoners are under the control of the NNRC.

Your position that prisoners were misinformed by the UNC of the provisions of the terms of reference is completely at variance with the facts. As you and the Commander, Custodian Force India,⁵ have previously been informed, the provisions of this document were given in their entirety to all the prisoners in UNC custody. In our opinion, the plain words of the terms of reference need little interpretation. Where an interpretation had to be made, or when such was requested by the prisoners, it was based on the fundamental principle of freedom of choice, without duress or coercion. Allegations of misinterpretation by the UNC are unwarranted and undeserved.

Any assertion that the UNC has led anti-Com-

³ U.N. doc. A/C. 3/L. 348.

⁴ For text, see BULLETIN of June 22, 1953, p. 866.

⁵ Maj. Gen. S. T. Patil Thorat.

munist prisoners of war to believe they would be released at the end of 90 days' custody is in error. As a matter of fact, the prisoners were shown graphically, in chart form, a chronology of events pertaining to them while in Nnrc custody, which unmistakably provided for a maximum period of 120 days as prisoners of war, after which they would revert immediately to civilian status and, 30 days thence, the Nnrc would be dissolved.

I understand you have objected to an informational leaflet on India previously distributed by the Unc to the prisoners of war solely because it did not discuss exact duties of the Nnrc under the terms of reference. You will recall that, at the express request of the head of the Indian Red Cross, the Unc agreed to send to the Nnrc Camps for the use of the prisoners all informational and educational materials on hand at its Unc Prisoner of War Camps. These included not only informational leaflets, but text books, materials and athletic and recreational equipment. At no time was it indicated that the material requested should be related to the mission and functions of the Nnrc. You are aware that, because of the deep distrust of the Nnrc and the CFI on the part of the prisoners, we found it necessary to undertake positive measures to encourage them to share our faith and trust in the integrity and impartiality of India. Only through such a program were we able to secure the cooperation of the prisoners in the move to the demilitarized zone and in placing themselves in your custody without violence and bloodshed.

Also in error is the statement that prisoners were told by the Unc they would go to Formosa. All prisoners were informed that, under the terms of reference, those who refused repatriation would be free to make application to go to a neutral country or to a country of their choice. Certainly you are aware that the anti-Communist Chinese have indicated a strong and natural desire to go to Formosa. It is public knowledge that the President of the Republic of China has invited to Formosa those Chinese anti-Communists who desire to come. Similarly, the President of the Republic of Korea has extended his welcome to those anti-Communist Koreans who wish to live in his nation.

Furthermore, I am sure you agree that there is nothing in the terms of reference which prevents those prisoners who refuse repatriation from going to Formosa or the Republic of Korea after termination of the period of custody by the Nnrc. Para 11 of that document states in part that 120 days after the Nnrc takes custody of the prisoners, they shall revert from prisoner of war status to civilian status. Therefore, at that time they are no longer prisoners, nor are they subject to the custody or to the control of the Nnrc. They are free to go where they choose. This same para also states that those who choose to go to neutral nations shall be assisted by the Nnrc and the Red

Cross of India. This assistance by the Nnrc and the Red Cross of India is available only for a period of 30 days, or 150 days from the date upon which the Nnrc assumed custody. Thereafter, the Nnrc is dissolved. Obviously, these free men, formerly prisoners, who do not request assistance from the Nnrc and Red Cross of India will not remain in the demilitarized zone. Having rejected repatriation, they must make their way to a country of their choice. The obvious and natural choice of these men is Formosa for the Chinese and the Republic of Korea for the Koreans.

It is important to note here that para 11 was proposed by the Communists. When, on 4 June 1953, armistice negotiators were discussing this para, the Unc asked this question: "Does your proposal indicate that all such prisoners would have to go to some neutral state or would Koreans, for example, be allowed to remain in Korea?" The record indicates that the Communists interposed no objection to this interpretation.

It is difficult to accept the assertion that a statement recently distributed to the prisoners in your custody is a "perfectly correct interpretation" of the terms of reference. Our objections to both its tone and intent have already been made known to you. While you now assert that the original text represented the commission's unanimous views, there appears to be considerable confusion as to the translation given to the prisoners. Specifically, a press statement attributed to you, personally, indicates that the statement distributed to Chinese anti-Communist prisoners was an earlier version of a draft not approved by the commission.

I desire to reiterate that the explanation period, which apparently has been a matter of considerable discussion by the commission, in no way can extend beyond 23 December, or 90 days from 24 September, the date on which the Nnrc assumed full custody. This is not subject to interpretation by the commission, is clearly stipulated in the terms of reference, and has been covered so thoroughly in previous correspondence with you that I feel the subject needs no further discussion.

Your refusal to permit observers of the United Nations Command to witness the validation of requests of prisoners for repatriation is both surprising and disappointing. It is difficult to reconcile such a position with the provision of the terms of reference, which very clearly permit our representatives to observe the operations of the commission, to include, but certainly not restricted to, explanations and interviews. The Nnrc ruled that the transfer of prisoners from the Unc to the custody of the CFI was an operation of the commission and, accordingly, Communist representatives had the right to observe such operation. Certainly, the final act of determining a prisoner's destiny by the validation of his application for repatriation is a most important operation of the commission and its subordinate bodies. The same principle must apply; therefore, validations prop-

erly should be witnessed by the representatives of the UNC; it would be most desirable that the press also be present. Para 1 of the terms of reference can have no other interpretation and constitutes full authority for such observation.

In summary, it appears that the decisions and activities of the commission to date have been predicated upon the assumption that the prisoners in your custody actually desire repatriation. This is especially difficult to understand in view of the strong opposition Korean and Chinese anti-Communist prisoners have demonstrated, individually and collectively, even to the physical presence of Communist representatives. It would seem that the commission has not taken full cognizance of the fact that the Korean and Chinese prisoners made their choice many months ago and that, in the absence of force or coercion, the vast majority will adhere to their decision. If there exists any real doubt as to the attitude of the prisoners, I

strongly recommend that advantage be taken of the provisions of para 9 of the terms of reference and that prisoners be encouraged to state their views directly to the NNRC and its subordinate bodies on the situation as they see it. This should provide conclusive evidence of their personal feelings and desires.

While, under the armistice agreement and the terms of reference, the United Nations Command will continue to fulfill its commitments to the NNRC, this command is confident that the NNRC will, under your direction, fulfill its solemn obligations with strict integrity and complete impartiality, the governing consideration being the welfare of the prisoners of war and their freedom of choice as to ultimate disposition.

Sincerely,

MARK WILLIAM CLARK
General, United States Army
Commander in Chief

Enforcing Strategic Trade Controls

THIRD REPORT TO CONGRESS ON THE BATTLE ACT

Harold E. Stassen, Director of Foreign Operations, on September 27 submitted to the Congress the third semiannual report on operations under the Mutual Defense Assistance Control Act of 1951 (the Battle Act).¹ Printed below are Mr. Stassen's letter of transmittal, a summary of the contents of the report, and the full text of Chapter IV, dealing with control of trade with Communist China.

LETTER OF TRANSMITTAL

To the Congress of the United States:

The document which I submit herewith is the third semiannual report on operations under the Mutual Defense Assistance Control Act of 1951, the administration of which has been a part of my responsibilities since January 28, 1953.

The period covered is January through June, 1953.

¹ *World-wide Enforcement of Strategic Trade Controls*. Copies of the report may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (30¢).

I am glad to report to the Congress that these 6 months have brought considerable improvement in the administration of controls on the shipment of strategic materials from the free world to the Soviet bloc.

I must also report that the program is hampered by lack of public knowledge, both in the United States and abroad, concerning the aims of the program and concerning the activities that go on continually in connection with it.

This lack of knowledge, often leading to false or exaggerated notions, is hardly surprising in view of the secrecy which the free world has often had to employ in its strategic trade control operations.

Much of the secrecy is still necessary. But to fill gaps in knowledge is necessary, too. I hope that this report will go far toward that objective. It contains a detailed account of the world-wide enforcement of strategic trade controls, with examples of successes and failures in the campaign to block illegal shipments. Furthermore it provides the facts necessary to dispel certain illusions that have sprung up in the field of East-West trade.

HAROLD E. STASSEN
Director of Foreign Operations.

SUMMARY OF THE REPORT

Chapter I of the report cites cases from the files showing how controls are enforced. The underworld of East-West trade tries to divert strategic cargoes to the Soviet bloc in violation of the laws of free nations, by means of falsehood, forgery, and intricate arrangements to confuse the authorities and throw them off the trail. Some of the attempts are successful; illegal trade is a serious problem. But the free governments are far from idle. They have improved their cooperation with one another in enforcement matters. They have intensified their enforcement activities and made them increasingly effective.

Chapter II gives a behind-the-scenes glimpse of the nations at work in Paris, coordinating their strategic trade controls. Without close international cooperation, an effective system of controls would be out of the question. An embargo of a given item by one country, or even two or three countries, would be of little value if the Communists could readily get the item somewhere else.

Chapter III dealt with certain myths that have grown up concerning East-West trade in Europe. On both sides of the Atlantic, some people are nursing erroneous conceptions, based more on emotions and desires than on hard facts. In Western Europe, for example, some people influenced by Communist propaganda have embraced an exaggerated vision of the potentialities of trade with the Soviet bloc; they think that a vast increase in East-West trade, serving as a sort of cure-all for the ailments of Europe, would come about if it were not for the trade controls of the West. This is not true. Soviet policies are the main deterrent to peaceful trade. In the United States, on the other hand, there are people who have gained the false notion that our allies, disregarding their own security, are supplying arms and ammunition to the Soviet bloc, and there are those who have fallen victim to the fallacy that *all* East-West trade is wrong and ought to be abolished.²

Sound policy must be based on reality. The United States Government and the other major governments of the free world do not attempt to shut off all East-West trade; they do cooperate to withhold strategic items in the interest of their security.

Chapter IV reviews the China trade. The United States has prohibited all exports to Communist China. Our allies, which are in different economic and political circumstances, continue to ship nonstrategic commodities. But they joined with us, in accordance with the United Nations resolution of May 18, 1951, in an embargo of strategic shipments to the Chinese mainland. This embargo is far more extensive than the one apply-

ing to the Soviet bloc in Europe. Nonstrategic trade with China was on the increase during the early months of 1953. This did not mean a relaxation of controls. In fact, the strategic embargo was tightened in the first half of 1953 by expanding the embargo lists and by new controls over shipping and bunkering. Furthermore, the Korean truce did not bring a relaxation of controls, for winning an armistice on a single battleground does not mean that we have won peace in the world.

Chapter V deals with the administration of the Battle Act and discusses some of the operations carried on by the U.S. Government during the 6-month period covered by the report, including, for example, the purchase of a cargo of refined kerosene that was on its way to Communist China in the Finnish tanker *Wiima*.

The report concludes with the following appendixes: Summaries of trade control measures of free-world countries, including those of the United States; documents on continuance of aid to West Germany, France, Norway, and the United Kingdom;³ statistical tables on trade between free countries and the Soviet Union and its satellites; and the text of the Battle Act.

THE CHINA TRADE

Much of what was said about relations between Western and Eastern Europe is equally applicable to the Orient. For example, the free nations must and do stand together in united purpose whether Far Eastern or European matters are being considered. And the contention that our allies are shipping military articles to the Communists is fallacious and harmful, whether one is talking about the Chinese Communists or the Russian Communists.

China trade, however, must be regarded as a different problem. It is different because the Chinese Communists throughout the six months covered by this report were engaged in aggressive warfare against the United Nations in Korea. None of the free countries was in an all-out declared war with China, but the urgent situation in Korea, aggravated by other Communist violence in the south of Asia, made it necessary for the free world to maintain strategic trade controls against Communist China that were much more severe and sweeping than the system applicable to the rest of the Soviet bloc.

Strategic Goods Embargoed

One of the chief events in the development of these tighter controls over shipments to Communist China had taken place on May 18, 1951. That was the day when the United Nations General Assembly recommended that all nations apply an

² For an article by Kenneth Hansen, Assistant Deputy Administrator of the Battle Act, on fallacies current in the United States, see BULLETIN of Aug. 31, 1953, p. 271.

³ For texts, see also *ibid.*, p. 300.

embargo to Communist China and North Korea covering "arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and items useful in the production of arms, ammunition, and implements of war."

With extremely rare exceptions all the free nations of the world have complied with this resolution ever since.

Furthermore the embargo was steadily improved, month after month, for the duration of the Korean war. The important industrial nations that cooperate with one another in the informal Consultative Group (described in chapter II) have devoted special attention to the China trade. In addition to the items embargoed to the European Soviet bloc, these nations have extended their China embargo lists to cover several hundred other items which they believe to be of strategic significance to the Chinese Communists.

New measures that were taken by the free governments to tighten their China controls during the period under review will be described later in this chapter. But first it is necessary to deal with a matter that has caused much confusion—namely, the difference between the China-trade policy of the United States and the policies of our allies.

The United States Embargoes Everything

The Congress provided that the Battle Act shall be administered in such a way as to give the fullest support to the United Nations embargo of strategic shipments to Communist China, and this Government has indeed worked to extend that embargo throughout the free world and make it more effective. But this Government, in respect to its own exports, went even further.

United States exports to China had been \$354 million in 1947, \$273 million in 1948, \$83 million in 1949, and \$47 million in 1950. After the Chinese Communists entered the Korean fighting, the United States in December 1950 prohibited the export of all items, whether strategic or nonstrategic, to Communist China. In addition United States ships were forbidden to call at Communist Chinese ports. For a while, the United States continued to allow certain imports of Chinese origin. Official statistics for 1952 show U. S. imports from China of \$27.7 million, of which more than four-fifths came in the first half of the year. The imports of Chinese origin were largely hog bristles and crude feathers, needed at that time for strategic stockpiles. The statistics also include, however, imports of goat hair and marmot fur from Outer Mongolia, which is not considered a part of Communist China, except for statistical purposes.

The reason for the United States prohibition against all exports to Communist China was not that every kind of merchandise was considered to

be directly helpful on the battlefield. Rather the prohibition was based on a deep-felt conviction that an aggressor nation, engaged in fighting and killing the troops of the United States and other free countries, ought to be subjected to the maximum possible economic pressure, and that we ought not to supply its economy with any articles whatever, even civilian-type articles.

The United States also took into account the fact that the Chinese Communists, in addition to being aggressors, were trying to build a stronger war-potential base for their weak and primitive industry and needed outside help to do it; therefore many items were considered strategic to them which were not strategic to the rest of the Soviet bloc.

A policy of total embargo to Communist China has been the consistent position of the United States. And this Government suggested that other free nations take the same position.

Nonstrategic Trade Goes On

Most of the major trading countries of Western Europe and Asia could not accept the position of the United States. These nations cooperated in the embargo of strategic items, but when it came to goods like cotton, fertilizer, textiles, textile machinery, dyes, and drugs, they were not willing to cut off their exports to China. One does not need to assume that these governments were any less sincere in their decision than the United States, but only that they were in different circumstances and saw the problem through different eyes.

Many of these countries feel keenly their heavy dependence on foreign trade. They argued that they got economic benefits not only from selling nonstrategic exports to China but from the imports they received from China in return, and from the shipping services they provided. They argued that this sort of trade was to the advantage of the free world, not of the Chinese military machine. It was contended, too, in some quarters, that it was wise to preserve a strong economic link between China and the West, in order to reduce China's dependence on Moscow and perhaps some day turn Mao into a Tito. The trading policies of some of these countries were also influenced by the fact that they, unlike the United States, had extended diplomatic recognition to the Chinese Communist Government.

So most of our allies kept on shipping what they considered to be nonstrategic items and obtaining Chinese goods in return. Exports from the free world to Communist China in 1952 were about \$257 million. In 1951 they had been \$433 million. The drop in 1952 was caused by a number of factors, including the free-world embargo of strategic items and the fact that in the first part of 1952, Communist China was outwardly cool toward trade with the West. In the latter part of 1951 and the early part of 1952 the Chinese were trying

to orient their trade away from the free world and toward the Soviet Union. They reorganized and centralized their foreign trade machinery and carried on an "anti-five-vices" campaign, directed in part against "foreigners" and trade with the free world. The Chinese made an about-face in 1952, and by the fall of that year were actively seeking Western trade again. This campaign began to be reflected in the statistics in 1953.

Of all the free countries that exported goods to Communist China in 1952, Hong Kong led the list with \$91 million (contrasted with \$281 million in 1951) and Hong Kong's principal items—largely reexports originating in other countries—were medicines, fertilizer, dye, wool tops, paper, and textile machinery. Pakistan, in second place, shipped \$83.9 million worth of raw cotton. Ceylon shipped \$26 million worth of rubber in exchange for Chinese rice (rubber is a strategic item but efforts to persuade Ceylon not to ship it have failed. The United Kingdom shipped \$12.8 million of miscellaneous items, the major ones being sodium compounds such as caustic soda, fertilizer, rugs, wool tops, and textile machinery. Egypt (cotton), Finland (paper and wood pulp), India (jute products), and Switzerland (dye, textile machinery, medicines) followed in that order.

While the free world was exporting \$257 million in goods to Communist China, it was importing from Communist China about \$345 million. Among the principal items were soybeans, dried eggs, fruits, ground nuts, vegetable oils, iron ore, grains, and hog bristles. Hong Kong imported \$145 million, Malaya \$40 million, India \$32 million, and the United States was in fourth place with \$27.7 million. West Germany, Japan, Switzerland, and the United Kingdom followed in that order. Japan managed to import \$15 million despite the fact that its carefully-screened exports to Communist China were not much over half a million.

The Chinese Communists are not entirely dependent on goods from the free world. They received from their European Soviet allies during 1952 several times as much as they received from the free nations. The shipments of Communist origin included arms and ammunition and other strategic materials. Most of them moved over the trans-Siberian railroad. The Chinese Communists claim that only 25 percent of China's total foreign trade in 1950 was with Soviet-bloc countries, and that this had risen to 72 percent in 1952.

In the early months of 1953, trade between many nations of the free world and Communist China was on the increase. For example, shipments from Hong Kong, Ceylon, West Germany, the United Kingdom, France, Italy, Belgium, and the Netherlands were running at a higher annual rate than their unusually low shipments of last year. If free-world exports continued at the same rate as that of the first 3 or 4 months of the year—and that is not at all certain—the 1953 total would

be around \$375 million. This would be higher than 1952 but not as high as 1951.

The 1953 increase was not due to a relaxation of strategic trade controls. The strategic embargo was being tightened in the first half of 1953, not relaxed. The increase was in nonstrategic goods. The main reason for it seems to be the changed attitude of the Chinese Communists, who had dropped their reluctance to deal with the West and were placing more and bigger orders for the kind of goods that the free governments would have been willing to ship all along.

First Things First

The difference between the China-trade policy of the United States and the policies of its major allies was one part of the many-sided Far Eastern problem that confronted the new administration when it took office in January.

With Chinese Communist soldiers fighting our troops in Korea, what was the best thing to do? Should we bomb Chinese territory and go all-out in the war against Communist China? Should we blockade the Chinese coast and attempt to stop all ships, whether belonging to the Soviet bloc or to our allies? Should we notify our allies that we would terminate or reduce our aid to them—or punish them in other ways—if they continue to trade with the Chinese Communists?

The policy chosen by the administration included building up South Korean strength in Korea, building up the Chinese Nationalist Forces in Formosa, strengthening the forces fighting communism in Indochina, and at the same time showing a willingness to reach a truce in Korea.

With respect to the China trade, the administration during the first half of 1953 followed a policy of concentrating on first things first. Our policy was to get our allies to exert economic pressure on Communist China, but we had no illusion as to the immediate feasibility of stopping trade in nonstrategic goods. We had to recognize that transactions in the China trade could be advantageous to the free world (the United States itself had imported strategic items from China in 1952). And we had to recognize that other sovereign countries were entitled to make judgments of their own with respect to their own trade, and that we could not stop their nonstrategic shipments without taking measures that in the long run would do the free world and the United States far more harm than the existing trade could possibly do.

Thus the United States Government, in the period under review, did not press other governments to cut off their nonstrategic trade with China.

Instead, this Government used its influence and its energies in a direction more likely to pay off in increased security for the United States and the free world—namely, toward the more effective control of *strategic materials*.

Strategic Embargo Tightened

There were two principal ways in which the free governments could improve their control of strategic items in the China trade:

1. *The free governments could make sure that their lists of strategic items for embargo did indeed include all those items which were strategic in nature.* Steady progress was made in this direction during the 6 months. Discussions on the strategic importance of specific items took place at Paris throughout the period. The lists were further expanded. The area of disagreement among the Western nations was further reduced. Differences over the strategic importance of commodities are inevitable, for there is no hard and fast boundary between "strategic" and "nonstrategic." To get adequate facts as to how a commodity is being used by a given country sometimes requires a vast amount of careful intelligence work. There have been, and still are, commodities which the United States considered strategic to Communist China but which some of our allies did not. This relatively small area of disagreement over whether specific items were strategic should not be allowed to obscure the vastly greater area of agreement existing among the free countries.

2. *The free governments could make sure that their ships did not carry to Communist China any of the strategic items which they listed for embargo.* Helpful strides in shipping controls were made during the 6 months.

An important event having to do with shipping controls was announced in Washington on March 7, 1953, at the close of talks between Secretary of State Dulles and Anthony Eden, the British Foreign Secretary. Mr. Eden stated that the United Kingdom, in addition to the existing controls over the export of strategic materials from Britain and her colonies, had decided to introduce a new system of licensing British-flag ships so that they could not carry strategic materials from non-British sources to Red China.⁴ Mr. Eden also stated that his Government would take additional steps designed to insure that no ships of any nationality carrying strategic cargoes to China should be bunkered in a British port. The two Governments agreed to concert their efforts to obtain the cooperation of other nations in such measures.

The new British licensing procedure went into force on March 31. Commenting on this procedure and on British trade with China, the Joint Under-Secretary of State for Foreign Affairs, Mr. Nutting, told the House of Commons on June 17:

I welcome this opportunity of making our position clear on the question of British trade with China.

We stand by the United Nations resolution of May 18, 1951, which called for an embargo on the supply of strate-

gic goods to China and we are carrying it out with vigour. Export licenses for strategic goods to China had in fact been refused by the United Kingdom for nearly a year before the United Nations resolution. Lists of strategic materials are coordinated by a group of nations of which the United States is one. We have recently still further tightened up our controls. Ships on United Kingdom or Colonial registers require licenses for any voyage to a Chinese port or between Chinese ports. If any of our ships were to contravene these regulations they would be liable to be hunted down on the High Seas by British Naval vessels and their managers and masters would become liable to severe penalties.

We have no power to apply these measures to ships flying other flags but we have taken steps to ensure that no ship of any nation can be bunkered in ports under our control unless we are satisfied that it is not carrying strategic materials to China.

So long as the United Nations resolution of May 18, 1951, is in force we shall continue these policies.

With regard to goods which are not the subject of these security controls it is the policy of Her Majesty's Government to develop trade with the countries of the Soviet bloc and with China. We cannot live without trade and we consider that this trade in nonstrategic goods is to the advantage of the free world. I repeat that the goods which we allow to be exported or carried to China by ships flying our flag are all goods which are not on the lists of strategic materials to which I have referred.

The new licensing and bunkering controls, as instituted by the British, spread rapidly to other countries in one form or another. On March 28, at the conclusion of United States-French talks in Washington, the United States and France announced that France would put similar controls into effect.⁵ During the next few months a number of other countries either established, or said they would soon establish, new arrangements designed to insure that their ships would not carry strategic goods from anywhere to Communist China. These countries included the Netherlands, Belgium, Canada, Denmark, Norway, Italy, and Japan. (Appendix A contains brief descriptions of the trade controls of major nations, including shipping controls.)

Some countries made it clear, while issuing new regulations, that in practice their vessels had not been carrying strategic goods to China. Many governments of the free world have taken pains to point out during the last few months that the mere fact that a Western ship calls at a Chinese port does not mean that it delivers strategic goods there. It does not necessarily mean the delivery of any goods at all, for a common practice of Western ships is to unload cargoes at Japan or Hong Kong, then proceed to the China coast in ballast in order to pick up Chinese bulk cargoes for the free world. The types of goods coming out of China are generally more bulky than those goods going in, and far more shipping space is required for the goods leaving China.

Meanwhile, on March 17, the Greek Government had forbidden all Greek-flag vessels to stop at ports in Communist China.⁶

⁴ *Ibid.*, Apr. 6, 1953, p. 491.

⁵ For a Department statement on this action, see *ibid.*, Apr. 13, 1953, p. 532.

⁶ *Ibid.*, Mar. 16, 1953, p. 396.

The United States took new steps to make its own extensive shipping and bunkering controls more effective. For example, on February 20 the Mutual Security Agency changed its charter requirements in such a way as to deter foreign-flag vessels from calling at Communist ports within 60 days after carrying MSA cargoes to Formosa. This procedure was refined and adopted by other United States agencies, with the result that foreign ships chartered by the United States Government for the carrying of any civilian bulk cargoes—not only to Formosa but also to other destinations—were put on notice that if they called at Communist Far Eastern ports within 60 days after discharging the cargoes they would forfeit part of their charter fees. The basic intent of these measures was to insure that vessels would not be placed by virtue of United States contracts into a profitable and advantageous position to engage in the China trade. Another United States measure was taken on June 7 when the Department of Commerce tightened its controls over the furnishing of fuel or provisions to foreign ships or airplanes scheduled to visit Communist China.⁷

Some countries, of course, had established shipping controls before this year. We have already seen that the United States removed all its vessels from the China trade in December 1950. Panama did the same in August 1951. The Honduran and Costa Rican republics issued similar regulations. Liberia prohibited the carrying of strategic goods to any Soviet-bloc port in a Liberian-flag vessel.

But the new shipping regulations of the first half of 1953 applied a welcome reinforcement to the free world's embargo over the shipment of strategic materials to Communist China.

After the Korean Truce

The armistice in Korea was signed on July 27, nearly a month after the end of the period covered by this report. The post-armistice developments in the China trade will be discussed in the next semiannual Battle Act report. No one can with certainty predict the outcome of efforts to reach a political settlement in Korea. But these facts can be reported now:

The July truce brought no relaxation of the strategic embargo exercised by the major free governments.

The United Nations resolution of May 18, 1951, did not go out of existence when the truce was signed.

The policy of the United States was to maintain

⁷ *Ibid.*, June 29, 1953, p. 904.

its own strict controls over shipments to Communist China and to recommend that other countries maintain their controls also.

On July 14, about two weeks before the truce was signed, the foreign ministers of Britain, France, and the United States concluded several days of talks in Washington. The communique⁸ contained this sentence: "They considered that, in existing circumstances and pending further consultation, the common policies of the three Powers toward Communist China should be maintained." With respect to trade, this meant that a Korean armistice would not automatically lift their embargo on strategic goods to Communist China.

Certain private trading interests in some countries of the free world have been hoping that the barriers standing in the way of unrestricted trade with China would be eliminated, or at least lowered somewhat so that the strategic embargo would be no more strict than the embargo on shipments to the European Soviet bloc.

Delegations of businessmen have traveled to Peiping this summer and made unofficial trade agreements—not joined in by their governments—to trade in certain commodities. These tentative arrangements have included Western exports of nonstrategic goods, and also of certain strategic goods which, however, the businessmen well knew they could not ship unless controls were relaxed. Regardless of private arrangements to the contrary, governmental controls over strategic items are always overriding. Private arrangements should not be confused with the official actions of governments, which continue to consult closely with one another and to examine all proposals in the light of the security of the free world.

For example, after a group of private British businessmen visited China in June, the President of the Board of Trade said in the House of Commons on July 9, that "our strategic controls will not, of course, be affected in any way by any arrangements that have been made in Peking."

Events of great importance are brewing in the Far East. But the people of the free world cannot permit visions of the future to blind them to the grim realities of the present. As President Eisenhower said on July 27:

We have won an armistice on a single battleground, not peace in the world.

We may not now relax our guard nor cease our quest. Throughout the coming months, during the period of prisoner screening and exchange, and during the possibly longer period of the political conference which looks toward the unification of Korea, we and our United Nations allies must be vigilant against the possibility of untoward developments.

⁸ *Ibid.*, July 27, 1953, p. 104.

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570	10/15	Hoover: Trip to Iran
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